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Standing Committee on Transport, Infrastructure and Communities

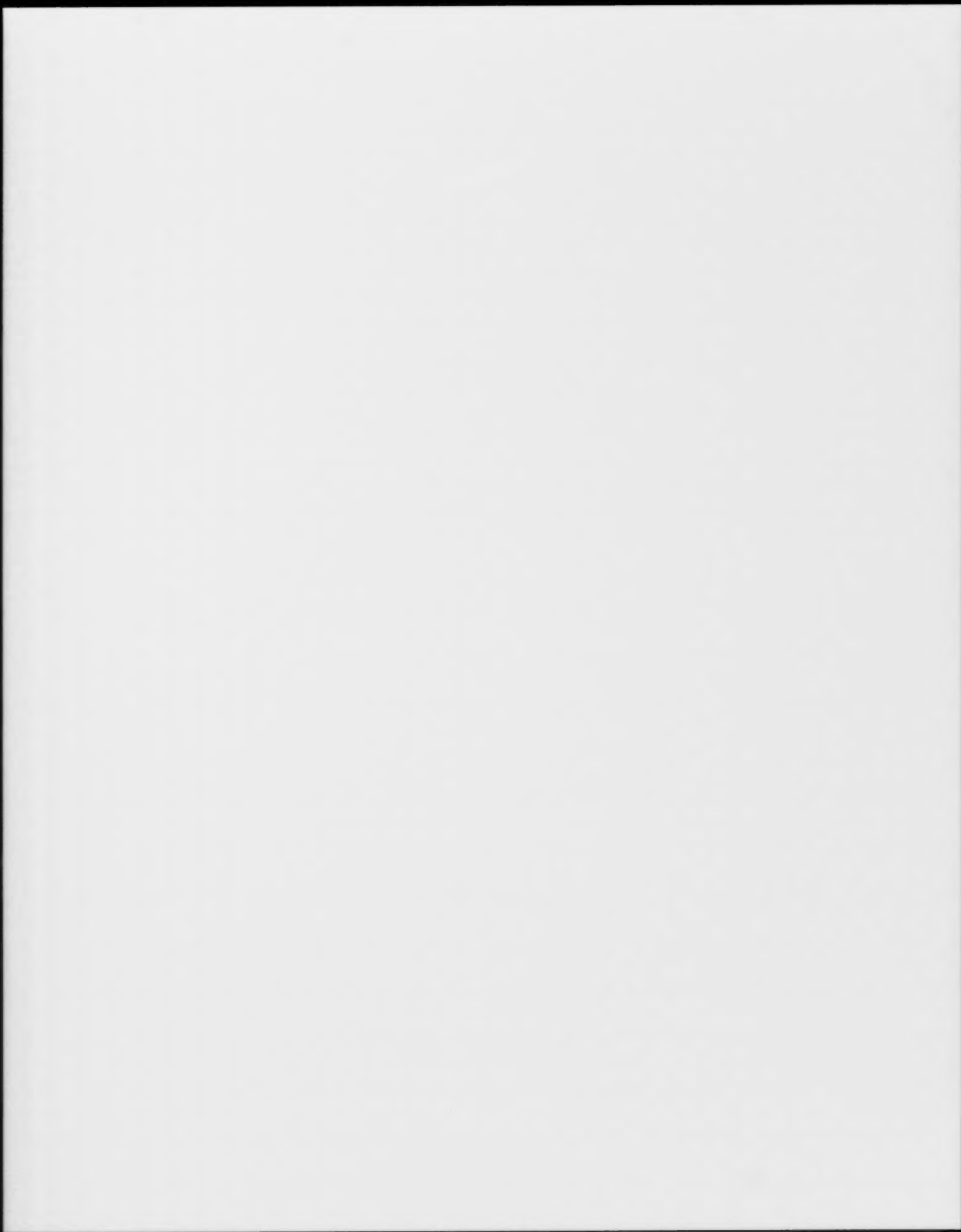
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Monday, September 24, 2018

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Chair

The Honourable Judy A. Sgro



Standing Committee on Transport, Infrastructure and Communities

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• (0900)

[English]

The Chair (Hon. Judy A. Sgro (Humber River—Black Creek, Lib.)): I'm calling to order meeting number 109 of the Standing Committee on Transport, Infrastructure and Communities. Pursuant to Standing Order 108(2), we're doing a study of the Canadian transportation and logistics strategy. What would that look like and what should it look like? We're very pleased to be here in Niagara region today to start off.

Witnesses we have from 9 till 10 will be the Hamilton Port Authority, led by Mr. Hamilton, president and chief executive officer, and the St. Lawrence Seaway Management Corporation, with Jean Aubry-Morin, vice-president of external relations, and Bruce Hodgson, director of marketing development.

Welcome and thank you very much. Thank you for finding the time up here, on a wet morning, but you're used to wet mornings, without question.

We'll open it up.

Mr. Hamilton, would you like to start? You have five minutes, and then you'll be followed by our other guests. Then, we'll be doing questions and answers for the remaining time.

Mr. Ian Hamilton (President and Chief Executive Officer, Hamilton Port Authority): Thank you very much, Madam Chair and members of the committee. Welcome to Niagara. It's very kind of you to choose Niagara. I live right down the road, so it's the shortest commute I've had in many years.

My name is Ian Hamilton. I'm the president and CEO of the Hamilton Port Authority. The port authority is one of 18 port authorities in the country. We act as a government enterprise with a mandate to facilitate trade and manage federal assets with the exercise of good stewardship.

We're the largest port in Ontario. We have 10 million tonnes of cargo, representing \$2 billion in value, supporting supply chains in steelmaking, agri-food, construction materials, petrochemicals and manufacturing. Cargo that transits the Port of Hamilton supports \$6 billion in economic activity and 38,000 jobs. We employ 2,100 people on our property, on 630 acres with 130 individual tenants.

Because we're here in Niagara today, I'll focus my comments more on the Hamilton-Niagara region. Our message is pretty clear. We at the Hamilton Port Authority truly believe in the potential of the

Hamilton-Niagara region. Our vision is to see the region grow into a true Canadian gateway.

In order to achieve this we need to develop multimodal industrial hubs that really capture the value of the transportation assets, integrating multimodal assets both outside and inside of the region so that everything can create a conducive network. This includes marine, of course, but also rail, air and road. I think there's a real potential on the road side to develop a mid-peninsula highway here in the region. I'll talk a bit more about that later.

This region has all the right ingredients: proximity to the United States; an active, co-operative business community; world-class educational institutions; entrepreneurially minded government representatives at the local, provincial and federal level, certainly not least of whom is Vance Badawey; industrial land to develop; and a great base of transportation infrastructure.

The last few years in Hamilton, the accessibility of investment-ready brownfield and industrial land, supported by multimodal transportation infrastructure, has been critical to our success. In the last six years, we've attracted about \$350 million in third party investments in the areas of agri-food, food processing, logistics and construction materials. We've built the Port of Hamilton into a true multimodal industrial hub. In recent years, up until this year, we've actually spent almost as much on rail infrastructure as we have on marine infrastructure to create that multimodal environment.

Our challenge now in Hamilton is that we don't have capacity any longer. We have more demand for multimodal-service industrial land than the port can provide, but we believe that the Niagara region can truly help to meet some of that demand while supporting growth in the seaway traffic, increasing trade and growing the local economy.

In achieving this vision, good partners like the St. Lawrence Seaway Management Corporation are essential. In the Niagara region, the canal is vital to successfully developing a multimodal industrial hub. It needs to be efficient and reliable. The St. Lawrence Seaway Management Corporation truly delivers on that. HPA's strength is on the land development side, with expertise in this very specific market of port land development and transportation-intensive industrial land. Our two organizations complement each other very much. We share objectives of facilitating trade, maximizing the use of the marine mode, and moving more and more cargo through the Great Lakes and the St. Lawrence River.

The first step in developing a multimodal industrial hub in the Niagara-Hamilton region is the creation of a true trade gateway. It is to begin to integrate some of the transportation assets around the region and connect them to one another, both in Hamilton and elsewhere in southern Ontario. Currently, our transportation and marine-industrial land assets have fractured ownership, and many of them are underutilized. We see this as a place where the Hamilton port could bring real value by being able to integrate the various assets, invest in them and maximize the transportation infrastructure, ensuring that businesses looking for space have it and can grow.

Through the seaway review and the ports modernization review, Transport Canada has been seeking ideas about what policy or legislative changes can make the system work better. Our feedback is included, as well as several recommendations, such as ensuring that port authorities have the ability to partner with one another, and with municipalities and other entities, to acquire, lease and manage land as part of the effort to create an integrated network. Another key point is ensuring that industrial lands, essential to supporting our economic growth, are protected.

Once employment lands are gone, unfortunately they're gone forever. As we see more and more, there's increased pressure from the residential developments and municipalities to encroach on these industrial properties, which are essential to facilitating our trade.

• (0905)

There are some other priorities on our minds. Many in this region, including us, strongly support the mid-peninsula highway initiative and would like to see the project revisited.

The way we see it, Niagara's future prospects are brighter than ever, but that means that better goods movement is required and it has to be given more attention. The mid-peninsula highway is an important piece of the puzzle in ensuring that Niagara fulfils its potential as a true Canadian gateway.

I focus today on Niagara, but this approach to building networks of integrated assets is the right approach throughout southern Ontario, and essentially all of the country. We need to look to the future and how we are going to support the industries that are the biggest job creators, preserve the space we require for industry in the face of an ever-intensifying urban development, and make sure that the use of marine for its ability to counter congestion and reduce greenhouse gases is truly exploited.

We, at the Hamilton Port Authority, want to be part of what we see as an exciting future for economic development, trade and sustainable transportation in southern Ontario, and we believe we have a lot to offer. We are ready, experienced and motivated, and we look forward to working with you.

Thank you.

The Chair: Thank you very much, Mr. Hamilton.

We will go on to the St. Lawrence Seaway.

Mr. Jean Aubry-Morin (Vice-President, External Relations, St. Lawrence Seaway Management Corporation): Good morning, Chair and members of the committee. Thank you for the opportunity for the Seaway Management Corporation to make a deposition in front of the committee.

I would like to invite Mr. Hodgson to make a statement to the committee.

Mr. Bruce Hodgson (Director, Market Development, St. Lawrence Seaway Management Corporation): Thank you, Madam Chair and members, for allowing us to be here today. We believe that the St. Lawrence Seaway is a vital linchpin connecting the Great Lakes and the St. Lawrence corridor. Today, we will give you a brief overview of our operation and structure, and some of our activities within the Welland corridor.

The St. Lawrence Seaway Management Corporation is a not-for-profit corporation incorporated in 1998 under the Canada Marine Act. As part of our mandate, the SLSMC operates, manages and maintains the St. Lawrence Seaway, as well as marketing the entire Great Lakes—St. Lawrence corridor under the Hwy H2O brand. Prior to commercialization in 1998, the Canadian portion of the seaway was operated as a federal Crown corporation. The Canadian government maintains ownership of the assets, which we operate on its behalf.

The St. Lawrence Seaway is a binational operation with 13 Canadian locks operated by the SLSMC and two U.S. locks managed by the Saint Lawrence Seaway Development Corporation, a U.S. government entity. Our mission statement captures who we are. We serve our customers by passing ships through a safe, secure and reliable waterway system, in a cost-effective, efficient, and environmentally and socially responsible manner, to deliver value to the North American economy.

The Great Lakes—St. Lawrence corridor is a marine highway that extends from the Gulf of St. Lawrence to the Great Lakes, serving as a trade route to the heart of the continent. The eight states and two provinces that border the Great Lakes—St. Lawrence corridor constitute the world's third-largest economy. Just as a point of interest, within an eight-hour drive of the Great Lakes there are 150 million people, so there's access to a very sizeable market.

Since the seaway was incorporated in 1959, over 2.9 billion tonnes of cargo has moved through the waterway. We enable trade with more than 50 nations overseas globally. If we take a look at the entire waterway, from the Gulf of St. Lawrence to the head of Lake Superior, cargo moving over the waterway supports 329,000 jobs and \$60 billion of economic activity in Canada and the U.S., split roughly fifty-fifty between the two countries.

Over the past 20 years, over \$1 billion has been invested in asset renewal in the seaway, of which 60% has been spent in the Niagara region, generating tremendous economic activity when all spinoffs are taken into account. The recently updated Martin economic study points out that cargo moving through the Welland Canal supports approximately 50,000 jobs in Ontario, many of which are found in the Golden Horseshoe area.

Since it was established in 1998, the SLSMC has brought about substantial advancements in our operations and has met the objectives set for us by the government and our users. Thanks to the investments in asset renewal, the seaway consistently realizes a level of system availability exceeding 99%. We are a free-flow system. Our customers do not make appointments, so system availability is critical to the ongoing operation of our system.

We recently completed our modernization program, which includes hands-free mooring and remote operation of locks from our centralized operation centres. This represents the greatest advancement in seaway operations since their inception in 1959. Lock transits have become faster and safer, and the end result is that we are realizing reduced operating costs and substantially improved productivity, leading to a more competitive system. For our role in developing hands-free mooring, in 2015 we were awarded the Promising Innovation in Transport Award, sponsored by the International Transport Forum.

We've also optimized the length of our navigation system, so over the last 20 years, we've brought the navigation season to 280-plus days, and we're continually striving to lengthen it as we move forward.

We enabled the transit of a broad range of commodities, including grain, iron ore, coal, salt, potash, petroleum, liquid bulk, iron and steel, and general cargo. Last year, we handled 38.3 million tonnes of cargo, which was an increase of 9% compared to the amounts in 2016.

Under the Hwy H2O brand, we have a number of market initiatives enlisting our industry stakeholders, so we very much play a catalyst role in bringing all of them together in a coordinated effort to promote the waterway.

● (0910)

We offer incentive programs and have brought into the system some \$37 million in new business over the last 11 years. Revenues cover our operating costs and now consistently provide a surplus, which contributes toward investments in asset renewal. This year, we're projecting cargo to be up over last year, where we should be in the \$40-million range, so we continue to see positive results. However, we would say that continuing discussions on NAFTA, tariffs and trade wars make for a level of uncertainty in forecasting cargo.

From a real estate perspective, we manage the lands adjacent to the seaway on behalf of the Government of Canada. The market development team continues to bring operators and investors together to best utilize the real estate and facilities, including landholdings on the Welland Canal, to generate economic growth and employment opportunities.

Two recent examples of how this has worked are the redevelopment of the Port Weller dry docks, which provides employment and economic benefit to the region, and the expansion of wharf 12 in Port Colborne, which now facilitates container handling and allows access into the U.S. northeast market. Those were two very critical initiatives for us, working with our tenants and stakeholders. These two initiatives have brought 34 full-time jobs and 100 full-time seasonal jobs to the local Niagara economy.

With our capacity to double the amount of cargo moving through our locks and channels, we present Canadians with a means of supporting ambitious economic growth and job creation in what we consider to be a very sustainable manner.

I hope that today we've been able to show you how the seaway contributes to a strong national and international trade corridor. We strive to provide a cost-efficient trading route and are using innovative technology to become more competitive and to ensure the waterway's sustainability over the long term.

Thank you.

The Chair: Thanks very much, all of you. We appreciate your time and your comments.

We will now open this up for questions.

Mr. Jeneroux, go ahead.

Mr. Matt Jeneroux (Edmonton Riverbend, CPC): For my first comment here at committee, I want to thank Mr. Badawey for his kind hospitality in hosting us here for these two days and for everything he does for the community here.

On this side of the table, you're dealing with two prairie guys, so I'd say this is more of a fact-finding mission on our end as to how this operates. Please forgive me if some of my questions are maybe a bit naive, especially early on, as we go across the country this week.

You touched on a couple of things. In particular, Mr. Hodgson, in your presentation, you touched on some things in NAFTA that maybe we should be watching for and that would be helpful or hurtful to you, but also on some of the interprovincial challenges you face with Ontario and Quebec by being located where you are. You have a fulsome statement here in your presentation—thank you for this—on the impact for the province of Ontario. I am curious to know if this is similar within the province of Quebec. Could you comment on those two aspects?

We might be sharing our time, depending on how this goes.

● (0915)

Mr. Bruce Hodgson: Perhaps I'll start my comments by looking at western Canada in terms of the role we play there. We compete with other gateways. That's the business we're in as the seaway and as Hwy H2O. The U.S. gulf is a very strong competitor of ours, particularly when it comes to project cargo, such as wind turbines, etc., moving internationally and then through the U.S. gulf.

Steel is another important aspect for us. Typically, we have vessels carrying steel coming in, and those vessels take grain for an export move-out. In western Canada, they're a very important link, and we work hard to make sure that we keep the steel moving in. Obviously, when we're looking at NAFTA, we have concerns around where steel tariffs or steel quotas could potentially go. That's of concern to us.

In terms of the western Canada supply chain, we work very closely not only with producers but with the railways in providing fluidity through the system.

Mr. Matt Jeneroux: You wanted to go.

Mr. Ron Liepert (Calgary Signal Hill, CPC): Yes. I'm curious to know whether your highway has any potential for oil shipments. As you well know, getting pipelines built these days is very difficult, and an awful lot of oil today is going by railcar. Is that an option?

Mr. Bruce Hodgson: We've done considerable work around the feasibility of moving crude oil via the Great Lakes, and yes, it is feasible. We can be competitive. Again, we've worked very closely with the railways in developing the total supply chain. They very much look to Thunder Bay as an option, because for them it's a much flatter run. They don't like the northern Ontario line, and they can turn their cars much more quickly with a tighter loop by going via Thunder Bay. The option we've been working on is Thunder Bay, Quebec City and then transshipment into international markets. We can be competitive.

Mr. Ron Liepert: Do you have the deepwater capacity to handle these ships through various channels that currently exist?

Mr. Bruce Hodgson: We would be able to handle what we call a Seawaymax, which would not be the size of a Panamax, for example, that's going overseas. That's why we would be looking to transship in Quebec City. A unit train of crude oil carries about 80,000 barrels. A seaway-sized vessel is similar, 80,000 barrels.

Mr. Ron Liepert: What is the size of what you're talking about?

Mr. Bruce Hodgson: Our maximum would be 740 feet long.

Mr. Ron Liepert: How many barrels?

Mr. Bruce Hodgson: It would be 80,000 barrels.

Mr. Ron Liepert: Oh, so that would get it to Quebec City. Thank you.

Mr. Bruce Hodgson: That's correct.

Mr. Jean Aubry-Morin: Sorry to take the attention of the committee, but, to answer the question, there's also the fact that the seaway works hand in hand with Transport Canada and Fisheries and Oceans on the oceans protection plan to leverage all the advantages of the safety record of the seaway, which it's known for.

• (0920)

Mr. Ron Liepert: Thank you.

Mr. Matt Jeneroux: Do I have time?

The Chair: You can ask a short question.

Mr. Matt Jeneroux: Could you comment on NAFTA, since you raised it, Mr. Hodgson?

Mr. Bruce Hodgson: As I was saying, steel in particular is very important to us in that, if the steel volume decreases, that could have an impact on our grain exports as well. The two go hand in hand. Our concern would be, what does the future hold for steel as far as NAFTA is concerned?

Mr. Ian Hamilton: Do you mind if I comment on that question a bit as well? What we're seeing, certainly in Hamilton, is that, obviously, the ports offer a gateway to international destinations, versus just North American destinations and overseas destinations. The strong port network probably protects us from some of the potential volatility that would exist in the NAFTA discussions going on today.

Certainly in Hamilton, there has been accommodation of different things for Ontario grains. Part of it is the drought in Europe, part of it

is CETA, and not least of all is the volatility of the discussions with the United States.

We've seen a dramatic increase in exports going to overseas markets coming through Hamilton as a result of people looking for new markets. I think the St. Lawrence Seaway and all of the ports along the system are critical in making sure that we exploit these opportunities and, not to put too fine a point on it, that we become less dependent on the trade relationship with the United States. I think that investment in our assets is how we guarantee that those gateways remain open.

The Chair: Thank you.

Mr. Badawey, go ahead.

Mr. Vance Badawey (Niagara Centre, Lib.): Thank you, Madam Chair.

I'll preface my questions by stating the fact that obviously you all know that the Niagara—Hamilton area is a very robust trade corridor, attaching itself to over 44% of North America's annual income within a day's drive. In line with that, there's the ability we have to be multimodal in nature when it comes to water, rail, air and road. With it, there are some challenges, as we all recognize. It's a 1950s system, somewhat archaic, and we're trying to bring it up to 2018, with a 30-year plan beyond that, if not a 50-year plan.

I'm going to throw questions to both of you at once and give you a chance to take the time to answer. I'll start with a few questions to Ian, from the Hamilton Port Authority.

The first question is, can you explain more in depth the partnership between Hamilton and Niagara, and with that the participation that you would have to bring the trade corridor up to current standards? The second question is, who do you expect to be additional partners? What are your expectations of the St. Lawrence Seaway as a partner? What bottlenecks can you try to overcome with respect to the current situation, not just with water but multimodal?

My next question is for the St. Lawrence Seaway. Bruce, you explained a lot about your strategic plan as it relates to your in-house demands and aspirations as they relate to the growth the St. Lawrence Seaway Management Corporation is going to have. What I'm even more interested in is how the St. Lawrence Seaway Management Corporation points itself to break through those walls and become an economic partner beyond its own mandate, to contribute to a true trade corridor well into the future.

On multimodal, are you working with rail, road and air to create more fluidity and integrate more the distribution and logistics systems? How are you working with partners to bring your land portfolio to the next level, through a strategic plan with partners, with respect to enabling even more that land investment to accrue over time? The last question is on dock 12. You mentioned dock 12 and the work that's happening over there. Could you explain a bit about that?

I'll start with Ian, and then we'll go to St. Lawrence Seaway.

Mr. Ian Hamilton: Thanks, Vance.

The first question you brought up was about the HIPA role. As we mentioned, the Hamilton Port Authority has been very successful in creating what we call a multimodal industrial hub. We believe we can bring those same skills into the Niagara region in starting to develop some of the available properties here. We will certainly continue to use Hamilton as a key hub. I think that Quebec, at the provincial level, has done a wonderful job in creating a marine strategy. In that marine strategy, it truly identifies not just ports but ports as multimodal industrial hubs, so we're no longer just a place where cargo transits through. I think this is particularly important in the Great Lakes and the St. Lawrence region, in that it's also where businesses locate themselves, where products are processed. Certainly we're seeing in Hamilton examples such as the first flour mill to be built in Ontario in 75 years, which is located on port property. Quite simply, that's to take advantage of the savings in the supply chain in proximity to the markets.

As I mentioned, the Hamilton Port Authority has done a good job in Hamilton. We're running out of land and believe that we can share some of that expertise with the region of Niagara. That's where I would touch on the partnership you asked about, particularly on the seaway. We certainly see that the seaway, as one of the most important modes of transportation, is critical in that chain for what we would be trying to achieve. The efficient operation of the seaway—the continued movements of goods, the efforts to reduce costs with hands-free mooring and to make it more accessible, the safety record—all of these areas make the gateway that much more attractive for people to move cargo.

The challenge is around capacity, and I think it's sometimes misunderstood. The seaway certainly has capacity available to grow. The challenge is finding the capacity to locate businesses along the seaway property so that new businesses that would utilize the seaway can be attracted. Until we can open up those opportunities and create these industrial hubs, it's hard to find the value proposition to attract businesses to the seaway lands, which would then generate more cargo through the seaway and, again, use the gateway to access international markets.

● (0925)

Mr. Vance Badawey: Bruce, go ahead.

Mr. Bruce Hodgson: Thank you.

Let me start with fluidity. You asked about that, Vance. We spend a lot of time with our customers. Where we find the benefit is in data exchange. That's where we've been very successful in working with both the railways and the western Canada shippers, for example. That contributes to a fluidity model.

In terms of the Welland Canal, we continue to work with both our domestic and our international customers on data exchange, because we feel that it's important, from a planning standpoint, to know when vessels are arriving. That is an area we continue to work on, and we see technology moving forward as being very critical.

We'd like to keep the canal fluid. Obviously, that's not always possible, like today. We probably have a number of wind-bound

vessels today. Safety is paramount to us, so we continue to ensure that.

This is just a comment on the assets. We have a very detailed asset renewal management process in place. It's ongoing. With Transport Canada, we agree upon a level of risk to attach to the assets—which is very low, I might add. We then work with Transport Canada to update those assets in terms of our operation. I referred earlier to a 99% availability. From an operational standpoint, we are actually available 99.9% of the time.

In terms of land, again I would go back to the Port Weller dry dock. When we went out and worked with the market, we actually went through a very detailed RFP process in order to find the right operator for that facility. One thing we recognized very early on was that we had to diversify the revenue streams. The vessel repair business is very cyclical, and we needed to develop other revenue streams.

Mr. Vance Badawey: And dock 12 was...?

Mr. Bruce Hodgson: It's another example of where we actually expanded. We were able to work with one of the neighbours to get additional land, and we worked with our existing tenant at wharf 12, along with a local stevedoring company. I think next week our first containers will be coming through that facility. They are targeting the U.S. northeast market.

Mr. Vance Badawey: The ships can actually dock at dock 12.

Mr. Bruce Hodgson: The ships will dock at wharf 12. That's correct.

● (0930)

The Chair: All right. Thank you very much.

Mr. Aubin, go ahead.

[Translation]

Mr. Robert Aubin (Trois-Rivières, NDP): Thank you, Madam Chair.

Gentlemen, thank you for being with us this morning.

I don't know if you're following the election campaign in Quebec, but when it started, the three main topics seemed to be health, education and work. A few weeks ago, a fourth point was added, a point that is so important that it could become decisive on election day: the whole issue of the environment. When we talk about economic development, we often hear that it must go hand in hand with the environment, but we talk very little about it. So I have a few questions with an environmental bent.

The first is for representatives of the St. Lawrence Seaway Management Corporation.

You mentioned earlier that the seaway's navigation season has been reduced to 280 working days. Is this longer season due to our technological advances, whether it be icebreakers or other things, or climate change?

Mr. Jean Aubry-Morin: Thank you for the question. Allow me to give three points in response.

First, over the past 18 years, the corporation has increased its expertise in operating the seaway in winter. In particular, we have developed technologies that allow us to operate in increasingly difficult winter conditions. As a result, our season has increased from 262 days to 286 days, which is now our norm.

Second, climate change has allowed us to operate the seaway in winter for a much longer period than we could have imagined 20 years ago. Water and ambient temperatures have changed by about two and a half degrees, allowing us to extend the navigation season in a safe and continuous manner. We look forward to continuing to optimize the navigation season in the future.

Third, we have learned to better work with our sister bodies, including the Canadian Coast Guard and its American counterpart, as well as other pilotage companies. This has allowed us to optimize the use of our assets to extend the navigation season.

Mr. Robert Aubin: Still on the subject of the environment, we discussed oil transport in the Gulf of St. Lawrence and on the St. Lawrence River. Given that marine traffic could increase in the coming years, I would like to hear a little bit about the measures in place to respond to a disaster, such as a grounded ship or an accidental oil spill. Are we able to deal with the problems that may arise?

Mr. Jean Aubry-Morin: The emergency response system developed by the St. Lawrence Seaway Management Corporation over the past 20 years is very robust and has been used as an example by several other agencies. Our response time is exceptional. Unfortunately, we have had to use our system on some occasions. The last time was in 2009, when an incident occurred in the South Shore Canal. In less than seven minutes, we had identified the situation and deployed a response team, which prevented any spills that could have damaged the environment in local communities. We review our system on an ongoing basis.

Earlier, I mentioned that we were working with Fisheries and Oceans Canada and Transport Canada to establish new technologies and assess risks in different locations to ensure the safety of local communities and the protection of protected or endangered species. We make sure that we can study any proposed project, such as the one you are referring to.

Mr. Robert Aubin: Thank you very much, Mr. Aubry-Morin.

I would like to take a few minutes with Mr. Hamilton, again on environmental issues.

In your opening remarks, you talked about the porous nature of the boundary between industrial and residential land.

How does the Hamilton Port Authority manage environmental issues with its local partners, who are probably citizens?

• (0935)

[English]

Mr. Ian Hamilton: Dust is one of the biggest issues we deal with in the interface between the community and the port authority. Through our work in developing a sustainability model, the biggest single point the neighbourhoods were bringing up was dust. We're putting that as one of our key areas in building integration.

A real material example of that is the speed with which we're covering salt piles and dust piles, and the introduction of conveyor systems so that material can be moved under cover, as opposed to in the open air, and be less exposed to the wind and the risk. We're paving over some of the sites that are currently unpaved and become a source of dust. We've invested heavily into street sweeping and cleaning up the area that way. We took a model from the Port of Quebec and put a dust monitoring system in place to truly understand where the dust is coming from and then analyze that to see if we can pinpoint the problems.

That's one area that was of particular concern.

The other one is traffic. We've also spent a lot of time working with the City of Hamilton on its transportation master plan to try to understand how best to deal with the truck flows in particular—how to minimize the impact on the community and create truck routes that prevent that.

The final area is a lot of communication. In Hamilton, they're developing a new residential community 200 metres away from the flour mill I mentioned earlier. There's a lot of communication around how we develop that community. Taking some pages out of what happened in Toronto with the Redpath site, we're asking how we can configure the buildings to minimize the creation of dust at the source point. In that situation, the grain mill there has invested almost \$10 million in the most modern spout in the world to minimize the dust impact.

[Translation]

Mr. Robert Aubin: I know you know Gaëtan Boivin very well. He is the president and chief executive officer of the Trois-Rivières Port Authority. He's done an extraordinary job, environmentally speaking.

Are environmental standards common to all the ports across Canada, or is each port authority independent in this regard?

[English]

Mr. Ian Hamilton: I'm very familiar with Gaëtan. We spend a lot of time collaborating between the two ports to share best practices. We've been very lucky to have him as a resource.

The environmental standards are not 100% aligned, quite simply because in Ontario, the Ministry of the Environment and Climate Change Resources ultimately is where we would apply for our ECA certification to operate the projects. We run under a number of jurisdictions. Certainly on the water side, Environment Canada, through the Department of Fisheries and Oceans, would have jurisdiction, in which case they would be aligned.

No, we still respect the provincial position of the Ministry of the Environment to deal with air quality in the province.

The Chair: Thank you, Mr. Hamilton.

Now it's on to Mr. Hardie.

Mr. Ken Hardie (Fleetwood—Port Kells, Lib.): Thank you. I'll be splitting my time with Mr. Iacono.

I think a common theme is already starting to develop here, and that is the rub between urban development and trade. What degree of joint planning or collaborative planning is taking place between the seaway or the port and the municipalities up and down the line? This is factoring in, of course, the need to preserve livability in a region, as you were mentioning with the dust issue. Does the planning now involve looking beyond the footprint of the existing port or the existing seaway toward other opportunities to develop things in places where you're not going to have that conflict with municipal interests?

Mr. Ian Hamilton: In terms of the existing facilities—to your first point—the collaboration in Hamilton has certainly grown exponentially in the last five years. We now collaborate with the city on almost all new projects that border on residential neighbourhoods. We ensure that there is a source of input, and we do whatever we can to make investments to minimize the impact and to allow the two areas to work together. It certainly needs a common-sense approach, respecting that we don't want to abandon our support for industry. At the same time, we don't want to jeopardize the quality of life of our residents.

• (0940)

Mr. Ken Hardie: Do you see a wall coming? Let's say CETA really takes off, or international trade really takes off for the seaway and the port of Hamilton. Is there a point at which you've just gone as far as you can go? How far off in the future is that point?

Mr. Ian Hamilton: I suppose there could be a point. One barrier today, of course, is the cost of ensuring that best practices can be implemented. I applaud the national trade corridors fund and the work that's being done in that area, because that gives an opportunity to invest in new assets that will dramatically reduce the impact for the neighbourhoods and the port. To give a great example, in Trois-Rivières they've done a wonderful job of building integration between the industrial port and the residential neighbourhood through parks on the surface. In Hamilton, we look at one of our priorities as greening the perimeter, so that—

Mr. Ken Hardie: I understand all that, but there's only so much of that you'll be able to do while accommodating future growth.

I have a quick question about the seaway before I turn it over to Mr. Iacono.

What about the state of the railways and the road networks? You mentioned the interest in building intermodal hubs. If, all of a sudden, you were in a position to really promote that and deliver the ships, with the goods on the ships, could the railways and the roads keep up?

Mr. Bruce Hodgson: Within the Welland Canal, we are somewhat limited in terms of the rail capabilities, so that's an opportunity that we would see moving forward. We have very good access into the U.S. from a highway standpoint, so we continue to see that as an opportunity. Again, I think our opportunity would be in increasing rail.

[Translation]

Mr. Angelo Iacono (Alfred-Pellan, Lib.): I would like to thank the witnesses for being here this morning.

It is said that cooperation between Canadian ports is an aspect that often goes unnoticed in discussions. However, it appears essential to

ensure a uniform level of performance and quality of services offered across Canada.

How is the formal and informal exchange of knowledge between Canada's ports carried out?

[English]

Mr. Ian Hamilton: One of the best ways that we collaborate is through the Association of Canadian Port Authorities. That allows us to share best practices. That's a formal association out of Ottawa. All 18 ports come together, and key priorities around sustainability, the interface with the community, and what best practices exist for minimizing the environmental impact are shared and exchanged. Certainly, this is a wonderful source of sharing those best practices. Right now, it's a voluntary commitment that we've made to each other, but every one of us has a responsibility for operating in a sustainable manner, so it's in our best interest to try to move in this direction.

[Translation]

Mr. Angelo Iacono: Mr. Aubry-Morin, do you have anything to add?

[English]

Mr. Jean Aubry-Morin: I'll complement what Mr. Hamilton is saying. The seaway also has a very expansive stakeholder engagement plan that includes all aspects of the business. To touch on Mr. Hardie's statement, it also includes the community side of the business.

I can give you two examples. One is our stakeholder engagement plan, for which we have established an outreach program specifically to be able to get inside the community and understand the needs of the industry and the community. You mentioned the fact of convergence or harmonization of use being a reality, as we recognized a decade ago.

As for the relationship with our sister network ports and other agencies, we are working closely with them on an ongoing basis to make sure we establish in our strategic plan the needs that every segment of the business has to make sure that we can grow in harmony together.

• (0945)

Mr. Angelo Iacono: Do I have some more time? I have one more little question.

[Translation]

What are the intelligent infrastructure plans for your respective ports?

Mr. Jean Aubry-Morin: One of our biggest challenges in innovation is the use of artificial intelligence to help our management make strategic decisions. Mr. Hodgson alluded to it earlier. Tomorrow's technologies that will help decision-making, planning and all aspects of information and power are at the heart of our strategy for the future.

We are currently developing a strategic plan called Strategy 2030. In terms of technology, it will allow us to explore how the various companies and partners could best benefit from artificial intelligence.

[English]

The Chair: Thank you very much.

We'll move on to Mr. Badawey.

Mr. Vance Badawey: Thank you, Madam Chair.

I want to dive in a bit deeper with respect to the comments made earlier by Mr. Hardie about the land and the challenges that sometimes run between the residential and industrial communities. It was mentioned earlier, Mr. Hamilton, that the lands in the Hamilton port have become exhausted. Knowing the Hamilton port quite well, I know there is a bit of a disconnect or distance between the residential and the port lands. I'm sure it's sometimes a challenge, but not much.

In working with the seaway and looking at the Niagara area with the lands that are available—and a lot of those lands are far removed from residential areas—how do you see that playing on in the future, not only to add to the economy but also to add to the separation between residential and industrial activities?

Mr. Ian Hamilton: In my comments, I talked about Niagara having this potential of a lot of industrial properties and communities that are less adjacent to them. There is a neat opportunity to develop new port facilities in the Niagara region. Some of those lands could be owned by Transport Canada or by a third party or municipalities, potentially even the region. There are a number of different ways to look at strategic pieces to grow facilities outside the urban boundaries that exist in areas like Hamilton or potentially even St. Catharines. A good example would be Toronto. We're seeing continual pressure to move the Toronto port lands away from residential development. You're exactly right. We have to look at where areas can be developed more industrially away from urban boundaries.

Mr. Vance Badawey: Bruce and Jean and Ian, do you see an opportunity here—and this is one of the reasons we're here in Niagara—to sit down with all the partners here in the Niagara-Hamilton area, and even western New York, as far as outside of Hamilton as the Brantford, K-W and Sarnia areas, to bring the economic benefits of this transportation hub and to put a strategic plan together that is multimodal—road, water and air—and takes into consideration all the interests and the trade corridors, as well as the individual interests working in tandem, aligning with that overall bigger picture?

Mr. Ian Hamilton: We certainly do, at the Hamilton Port Authority. Looking into the availability of the property, the appetite for the region and the potential for the region—these all play a critical role. As Bruce pointed out, there's probably not the right integration in Niagara yet with rail and marine at this particular moment in time, but there's the potential to develop that. This is where the national trade corridors fund can be very opportunistic in pushing some of these agendas forward.

Mr. Vance Badawey: Bruce, go ahead.

Mr. Bruce Hodgson: We certainly see an opportunity there, Mr. Badawey. As part of our mandate, we do confer with all of our stakeholders and municipalities.

On the interface between public and industry, we think there is an opportunity, with some of the land we have, to have both coexist

quite successfully if it's planned properly—if buffer zones, etc., are put in place.

Yes, we think there's an opportunity there, and we would embrace that.

• (0950)

Mr. Vance Badawey: One reason that the minister has embarked on the trade corridors effort, as well as the ports modernization review, is bottlenecks. He constantly refers to bottlenecks being a major challenge in a lot of gateways throughout the nation. Where do you see some of those bottlenecks?

Ian, you mentioned the mid-peninsula corridor, and obviously the QEW and the 401. I think some of the members, coming up here yesterday from the airport, recognized some of the traffic we have on the QEW and the need, therefore, to get that traffic through with fluidity. Where do you see some of the bottlenecks? What do you see as some of the solutions?

Mr. Bruce Hodgson: We see opportunities in modal shift, such as moving traffic from the highways onto the water. For example, there has been quite a change in the trucking industry in the U.S. with the electronic logs that have been introduced. We expect to see this spinning off into Canada fairly shortly.

By the time a trucker coming out of the Ohio valley hits St. Catharines, he's maxed out on his hours, so he's going to have to take rest time. We've been approached with the question whether it makes sense to have a cross-lake truck ferry, for example, to go from St. Catharines over toward the Kingston area? We've been working on that to see if there's an opportunity. Those are the kinds of opportunities we see.

We think that short sea shipping can play an important role with the 401 and what's happening there from a congestion standpoint, but we need the resources to get there.

Mr. Vance Badawey: Ian, go ahead.

Mr. Ian Hamilton: To facilitate modal shift, you also need that interface capacity where you're able to actually handle the cargo. We see a shortage of overall capacity for creating these multimodal hubs. We certainly see the potential for it. We see that it exists in the region and all of southern Ontario, but we haven't quite seen the proper zoning go through to say, "Let's dedicate this piece of property and these investments to create that shift."

Mr. Iacono, you asked about intelligence. In reality—as we do it in the bulk cargo at the port—there's not a huge amount of artificial intelligence being implemented. However, Bruce brought up data earlier. One challenge we have in all of Canada is that we don't have nearly as good data sources as they do in the United States. It's very difficult for us to truly understand all of those flows from point A to point B. That information allows us to figure out where the best place is to locate those assets, and where the best place is to put our funds. I know it's not sexy like a robot, but just that base information is going to be essential to making the right decisions.

I know there's a fund as part of the transportation plan to develop that, although we've had fairly limited input and we don't know exactly where it's going. We'd encourage you to say that the more information we can gather, the better decisions we can make and the better proposals we can put forward.

The Chair: Thank you very much, Mr. Hamilton.

Mr. Jeneroux, go ahead.

Mr. Matt Jeneroux: Perfect. Thank you.

This is for both Mr. Hamilton and Mr. Aubry-Morin. Mr. Hamilton, you brought up the national trade corridors fund. It was announced in November 2016. Have you seen any funds flow from that yet?

Mr. Ian Hamilton: In Hamilton, we haven't seen any investments at this phase. Certainly, in looking at some of the other projects, I think Thunder Bay has a good project to develop some infrastructure for covered storage. We've seen a few other announcements out in the west. When the fund was announced, it was oversubscribed by some crazy amount—like 20 or 25 times. We still see more potential to invest, but we're totally supportive of the money that has been allocated at this stage, although we would like to see some in Hamilton, too.

Mr. Matt Jeneroux: Have you made an application?

Mr. Ian Hamilton: We have made an application, yes.

Mr. Matt Jeneroux: However, you haven't seen it.

Mr. Ian Hamilton: It's still in discussion, I think.

Mr. Matt Jeneroux: Yes, Mr. Aubry-Morin, go ahead.

Mr. Jean Aubry-Morin: If you look at the last 20 years, we talked about close to \$1 billion in investments and 60% of it was in the Welland Canal. We have not reached the funding you're talking about because it's out of reach for us, but we encourage—

• (0955)

Mr. Matt Jeneroux: Why is it out of reach for you?

Mr. Jean Aubry-Morin: Since the appropriation on the strategic plan that we have is provided to us directly, we have a limited ability to deviate from the agreement we have with Transport Canada to do so. It's precluded to a certain degree, but we encourage all our partners to do so. We help them access that and support them in their application where possible. We can see in the performance we have that the funding we have has been used, and we would like to see that in the full network of the system.

Mr. Ian Hamilton: I know we're running tight on time, but in addition to the NTCF fund, I think there are probably better ways to address public-private partnerships. I believe there's a lot of capital available in the private area that could be leveraged. Part of that will be addressed through recommendations through the port modernization and how we can tap into that available money. It doesn't always have to be a handout. The Infrastructure Bank may help, but I think that trying to develop legislation that really supports public-private partnerships is a great way to tap into the billions of dollars that are sitting idle in the country today.

Mr. Matt Jeneroux: Right.

Mr. Hodgson, I think you wanted to—

Mr. Bruce Hodgson: Just to clarify, in terms of our tenants and our stakeholders, we do work with them and encourage them to try to apply and take advantage of that funding, although, to date, we have not seen any funding for any of our tenants.

The Chair: We'll move on to Mr. Aubin for three minutes.

[Translation]

Mr. Robert Aubin: Thank you, Madam Chair.

I have a few questions for Mr. Hamilton.

Since the passage of Bill C-49, port authorities can receive funding from the Bank of Canada, but for projects over \$100 million, if my memory serves me well. I have two questions about this.

Is funding from the Canada Infrastructure Bank a good approach for ports?

Isn't there a risk of a two-tier system? Not all ports are of the same importance or budget. Some can fund projects worth more than \$100 million, but others have smaller, but equally important projects.

[English]

Mr. Ian Hamilton: I couldn't agree more. The Hamilton Port Authority is a great example. Based on the current legislation, we have a borrowing limit of \$45 million, so there's no possible way we could even borrow money from the Infrastructure Bank at \$100 million. Effectively, it would be illegal, so I totally agree that they need a more flexible approach to creating a two-tiered system, potentially even moving the Infrastructure Bank into more of a loan guarantee type of role.

The United States had a group called MARAD a number of years ago, and they dealt with loan guarantees, which could be another way. If the money is loaned to smaller port authorities, it's not viewed as a liability on their balance sheet, which would allow them to have more flexibility with their borrowing powers. However, you're right. The Infrastructure Bank means nothing to probably 14 out of the 18 port authorities in the country.

[Translation]

Mr. Robert Aubin: I was pleased to hear you say earlier that you were complying with Ontario's environmental regulations in your development plans. We know that federal port authorities are exclusively under federal jurisdiction. In Quebec, we experienced this problem: we wondered how some port authorities could ignore Quebec's environmental rules, but not the federal ones.

Do you think the two sets of environmental regulations should carry the same weight and that we should respect both the federal guidelines and the ones for the provinces where the ports are located?

[English]

Mr. Ian Hamilton: We've always chosen to respect the provincial rules, believing that this was the right commitment to being a good neighbour. In a lot of situations, we lease out the land to a third party. That tenant is obligated to follow those provincial rules, as opposed to a project developed by us. There's always a slippery slope in giving up the federal paramountcy to allow us to fulfill our core mandate, which is facilitating trade, but wherever possible, I think it's important to respect the communities that we're in and protect the environment as much as possible.

[Translation]

Mr. Robert Aubin: Thank you.

[English]

The Chair: Thank you very much to our witnesses for starting out our study. We appreciate your time and your effort.

We are having a round table between 6 p.m. and 7 p.m. this evening for anyone who wants to come and speak further with the committee and make some points that they maybe didn't get a chance to make. By that time, we'll probably have a whole lot more questions for you. I hope we will see you at that time.

I will suspend for a moment while we change panels.

• _____ (Pause) _____

•
• (1005)

The Chair: I will call the meeting back to order.

Thank you all very much for being here and participating in our opening session. We appreciate it very much.

From the Canadian Marine Pilots' Association, we now have Captain Mike Burgess, vice-president for the Great Lakes region. It's great to see you again, Mike.

From Great Lakes Stevedoring Co. Ltd., we have Claudine Couture-Trudel, senior director of strategy and communications, and Bruce Graham, vice-president, Hamilton, Port Colborne.

From the Seafarers' International Union of Canada, we have James Given, president, and Chris Given, director of government relations. We've seen you many times before the committee. Welcome again.

We will open it up for up to five minutes for whoever wants to present. Do you want to start, Mr. Given?

Mr. James Given (President, Seafarers' International Union of Canada): Certainly, thank you.

It's always a pleasure to see you, Madam Chair.

The Chair: Thank you.

That doesn't give you any extra minutes.

Mr. James Given: So that doesn't do anything for me. I just wasted 30 seconds.

The Chair: No, you didn't.

Mr. James Given: That's okay. I'm going to cut through all the fluff and get right down to it, Chair.

Thank you, Chair and committee, for having us here today to speak on behalf of the Seafarers' International Union. As many of you are aware, the SIU represents the majority of unlicensed seafarers in Canada working on Canadian flag vessels. As you will no doubt hear from many witnesses appearing today, maritime transportation plays a pivotal role in supporting the nation's economy and moving goods to and from market.

In all likelihood, 90% of the goods that we use on a daily basis, including the majority of items we find in this room, arrived in Canada by vessel. Likewise, Canadian vessels transport many of Canada's exports through the Great Lakes and St. Lawrence Seaway system, unloading cargo at ports throughout the country, where it is often refined or stored for a period of time before foreign vessels move it overseas.

The main focus of SIU Canada is and always will be maintaining regulations pertaining to Canadian cabotage through the Coasting Trade Act. We believe that any development can and must be done with the goal of supporting and benefiting Canadian workers first and foremost.

The SIU could not support any initiative that involves the use of foreign vessels or workers in Canadian marine cabotage. Maintaining cabotage regulations on domestic shipping is supported by every maritime labour union in the country, as well as the vast majority, if not all, of ship operators under the Canadian flag.

With this said, the Golden Horseshoe and the Welland Canal could be the hub of any Canadian short sea shipping initiative, especially in the area of containers, which is really an untapped area in the Canadian industry.

We have all travelled the 401 corridor and many of you, the QEW yesterday, and we have witnessed the congestion of trucks moving goods from Montreal and Quebec City to the Ontario area and beyond. With the development of short sea shipping, one vessel could potentially remove hundreds of trucks from the nation's highways.

The Niagara region is unique in its proximity to the U.S. border by both truck and rail. Rail lines extend and meet up with other lines that go directly into the U.S. Midwest.

Our ability to transship containers on smaller short sea shipping vessels to areas like Chicago, etc., would further open markets and trade routes that are yet to be fully established.

Montreal and areas east have been operating at close to capacity but recently announced plans for expansion. In order to develop trade, the next logical step is to work on the Great Lakes area to handle small to medium container ships, be it through already existing vessels or tug-and-barge operations.

Europe is far ahead of North America in short sea shipping and taking advantage of its water highways. The benefits of increasing short sea shipping have already been seen in the EU. One example is how short sea shipping results in more frequent port calls, which in turn increases traffic, loading and unloading services, storing and logistic businesses in ports.

As has been, and will be, stated numerous times, the seaway is currently operating at only 50% capacity, so it could handle and would likely welcome a large increase in traffic.

In a similar vein, Canadian marine operators are already highly invested in this market, and many new vessels being purchased or built specifically for operating in the Great Lakes and St. Lawrence Seaway could create a niche market with a high concentration of Canadian-owned and operated vessels employing thousands of Canadian seafarers. These investments would only increase with the reassurances provided by a government-backed short sea shipping policy.

An initiative such as this also lends itself well to the government's priority to invest in environmentally friendly industries.

As we've mentioned, not only could promotion of shipping remove thousands of trucks from the road, but shipping is already the most energy-efficient mode of transportation and will only become greener with the IMO 2020 regulations to decrease marine fuel sulphur content to 0.5% instead of the current limit of 3.5%.

Investments spur growth in the industry and will provide for even more employment opportunities in both shipping and logistics. The SIU is proud to represent seafarers from all across Canada in well-paid middle-class jobs. We recommend that any future transportation policy also take into consideration the importance of promoting and maintaining this vital skill set and the essential role that Canadian seafarers occupy in our overall supply chain.

Let us continue to work together as partners to ensure that the future of the Canadian maritime industry is both prosperous and beneficial for Canadian seafarers and all Canadians alike.

We thank the committee for its time.

● (1010)

The Chair: Thank you very much.

Mr. Burgess.

Captain Mike Burgess (Vice-President, Great Lakes Region, Canadian Marine Pilots Association): Good morning, Madam Chair and committee.

As a long-time pilot and member of the executive of the Canadian Marine Pilots' Association, the CMPA, I welcome this opportunity to talk about the role that pilots play in Canada's transportation system.

I understand that you will be in Vancouver later this week, and two of my colleagues from the Pacific region will also be participating in your study.

Pilots are responsible for safely conducting commercial vessels through designated high-risk waters. Pilotage is regulated pursuant to the framework established by the Pilotage Act. Over the years, pilots have contributed significantly to various legislative and

regulatory processes initiated by the federal government to improve the safety and competitiveness of shipping.

The CMPA is a member of the International Maritime Pilots' Association, IMPA, which represents pilots from over 50 countries around the world. Incidentally, the CMPA's president, Captain Simon Pelletier, has also been IMPA's president since 2014, and was recently re-elected for another four-year period.

First and foremost, Canada's pilot system is focused on ensuring that safety is the first priority. Pilots are proud of their record. There are 50,000 pilot assignments that take place every year in Canada, and 99.99% of them unfold without incident. This near-perfect safety record, in a context where the average size of vessels is constantly increasing on waterways that, for their part, remain the same, greatly contributes to the competitiveness of Canada's maritime trade corridors.

Pilots also play an important role in navigation efficiency and the development of navigational improvements. The first importance is the benefit to the efficiency of supply chain operations and the near certainty that pilotage provides that access to critical marine infrastructure will not be compromised.

Pilots have developed innovative practices for navigation on the Great Lakes and St. Lawrence River, thereby extending the operating seasons of both the seaway and ports on the river, especially Montreal. Also, nighttime navigation during the winter on the St. Lawrence has been greatly enhanced in recent years by the innovative application by pilots of e-navigation and portable pilot units.

The positive impact of an extended navigation season in the Great Lakes region, and the vital role that pilots play in facilitating this when seasonal aids like lighted buoys are not available to ships—that is, when the Coast Guard has either removed or not yet installed them at the beginning and the end of the season—was substantiated by a case study that I have shared with the committee.

I believe that the case study makes a compelling demonstration of the marine mode's competitive advantage as the most cost-effective means for moving grain and other commodities and of the key contribution of pilotage towards this. The case study is part of a larger study analyzing the cost-benefit of pilotage in Canada, which is available on the CMPA's website.

There is another dimension to the Great Lakes trade corridor that highlights the flexibility of Canada's pilotage system and the role it plays in maximizing efficiency. Despite the compulsory nature of Canada's pilotage regime, Canadian shipping companies can avoid having to engage pilots and therefore paying pilotage costs, by taking advantage of provisions in the Pilotage Act regarding pilotage certificates.

Pilotage certificates may be issued to Canadian ship officers who have demonstrated skill and local knowledge of the waters of the compulsory pilotage area equivalent to that required of a pilot. This approach is widely used by Canadian companies throughout the Great Lakes region, and it is also available in other regions of the country.

In closing, I know that one of your focuses has to do with what can be done to improve the efficiency and competitiveness of our trade corridors. Recognizing the important return on investment for both safety and approved operations, we believe that the Government of Canada should undertake the capital projects necessary to ensure adequate and reliable icebreaking, as well as optimally functioning buoys on Canada's waterways, and in particular on the Great Lakes-St. Lawrence waterway.

I thank you for your attention and will welcome questions.

•(1015)

The Chair: Thank you very much.

We'll move on to our last couple of speakers for the moment.

Ms. Claudine Couture-Trudel (Senior Director, Strategy and Communications, Great Lakes Stevedoring Co. Ltd.): We have prepared something together.

Good morning, everyone. My name is Claudine Couture-Trudel. I am senior director, strategy and communications, at QSL.

Mr. Bruce Graham (Vice-President, Hamilton, Port Colborne, Great Lakes Stevedoring Co. Ltd.): My name is Bruce Graham, vice-president at Great Lakes Stevedoring, part of the QSL team.

Ms. Claudine Couture-Trudel: First, we want to thank the Standing Committee on Transport, Infrastructure and Communities for inviting us to address the current efficiency of Canada's trade corridors. It is with great honour that we've accepted your invitation to discuss this topic.

We will start by introducing how QSL works with virtually all essential aspects of Canada's trade corridors on a daily basis. QSL is a world-class stevedore and terminal operator that provides tailor-made handling and logistics solutions. As you can see from the map we distributed to you earlier, we have a team of more than 1,300 employees who operate in over 30 terminals throughout North America. For the past 40 years, we've been at the forefront of the changing operating landscape. Most importantly, we've been at the forefront of our clients' evolving needs and considerations for integrated supply chains. Indeed, globalization and increased competition call for both greater operational cost efficiency and material flow optimization. That means a deeper understanding of our clients' supply chains as well as more agility and flexibility on our end.

We have developed a network and the complementary services to answer these needs. Our various footholds along the river and Great Lakes, access to multimodal facilities, and our new transportation consortium in eastern Canada give us flexibility in terms of available options as well as strong commercial and operational insights. It allows us to provide tailor-made material-flow solutions to our clients from one end of their supply chain to the other. By doing so, we also create value for the trade corridors. Among other examples,

some major steel companies mandate us to handle and transit input and output throughout their supply chains.

•(1020)

Mr. Bruce Graham: For instance, the service provided to Stelco includes the unloading of raw materials from vessels in Quebec City, raw materials destined for the Hamilton area, where they are transformed into semi-finished products that will in turn be loaded on vessels by our team and transited towards distribution centres in Canada and the U.S., including Port Colborne, where we also operate.

Ms. Claudine Couture-Trudel: Integrative approaches like these wouldn't be possible without the agility and operational knowledge provided by a local approach to management. Great Lakes Stevedoring is a good example of that added local value.

Mr. Bruce Graham: Our local management, with our JV partners' support, favours efficient communication with local stakeholders, such as elected officials, civil servants and citizen groups. This allows us to understand better the economic communities we evolve in and to adapt quickly to local challenges and opportunities.

Our operations in Port Colborne, Hamilton and Port Weller employ 90 people in these communities. We have been socially active in the area for 20 years.

Ms. Claudine Couture-Trudel: I'll go back to the initial questions: Are the trade corridors efficient, and what can be done to enhance this efficiency?

First, we need to secure the baseline. This means maintaining existing port infrastructure. Investments are necessary to be able to operate on safe infrastructure and to welcome new clients.

Second, we recommend that intermodal infrastructure initiatives be increased. That is how we will bring more major manufacturing companies near the green alternative that is the seaway, and how the economic fabric around ports will further develop.

Mr. Bruce Graham: This means that the global commercial environment and operating landscape will most likely continue changing at a greater pace in the future. In our opinion, to stay competitive, the St. Lawrence and Great Lakes strategic trade corridor must be rooted in renewed, locally based collaboration between public and private sectors as well as long-term agreements allowing for sustainable investment in development.

Ms. Claudine Couture-Trudel: The standing committee and its work are key to this type of long-term strategic planning. We recognize that, and commend the House of Commons and the members of this committee. As an expert on and strategic partner of trade corridors in Canada, QSL remains at your disposal when needed.

The Chair: Thank you very much. I appreciate your sensitivity to the time.

Mr. Liepert.

Mr. Ron Liepert: I'd like to start with Mr. Given.

In your comments, you made mention of the fact that the seaway is underutilized, and your organization supports enhancing the usage of the seaway. First of all, for background, both Mr. Jeneroux and I represent ridings from Alberta. As you're well aware, moving energy resources from western Canada to sea has been a challenge, especially in the area of pipelines. You mentioned that you would be supportive of increasing volumes, if I heard you correctly, for environmentally friendly industries.

Would you consider the possibility of moving western Canadian oil through the St. Lawrence Seaway as an environmentally friendly industry?

Mr. James Given: Yes, absolutely. I think some people shy away from saying it, but I don't. I'm kind of known for that. There were initiatives recently from the U.S. to make some terminals in Duluth, Minnesota, and move cargo down through the seaway. I think if you look at the safety record of tanker transportation within the seaway, you'll find it to be stellar. Our crews are trained to be the best in the world, to be quite frank. Along with the pilotage and everything else, we have the ability to move the oil. We would welcome that increased traffic to come down through the seaway, and I'm sure the seaway would appreciate it as well.

Mr. Ron Liepert: I would like to ask a similar question of the other two witnesses. We continually hear from the environmentalists about the possibility of oil spills, and we hear, I would say, fearmongering by those who know little about moving oil on water. It seems to me that all three of you move oil on water for a living. Would you like to comment on the safety of your ability to move oil on water virtually spillage-free?

• (1025)

Capt Mike Burgess: Sure, I can comment on that.

As pilots, we provide all the safety aspects that are available with years of training, but that's also along with the Canadian crude ships. Now as I mentioned, in mine they have a pilotage certification process available. It's been improved in the last five years, and now they demonstrate their knowledge. Every ship that would carry oil would do so with every safety advantage available.

Mr. Bruce Graham: Certainly from the shore side, we see again that it can be done safely. The procedures are in place to handle this product and to do it in a safe manner without putting the environment at risk.

Mr. Ron Liepert: Thank you.

The Chair: Mr. Jeneroux.

Mr. Matt Jeneroux: Thank you for being here, everybody.

I'll start with you, Mr. Burgess.

We have a study here before us on large container ships on the west coast. One of the lines in that says, "The challenge to major hub ports like Vancouver is no less than 'adapt or die' since shipping lines are compelling ports to invest in modern facilities", and it goes on. Could you comment a bit more, for my understanding, on the increased size of ships, but also on what challenges the ports, like the Port of Vancouver, are facing to adapt to that?

Capt Mike Burgess: With regard to the specific question on the Port of Vancouver, it would be best to wait until Wednesday. My compatriots out there would give you a much more detailed, in-depth answer to that. However, I can answer with regard to container ships on the Great Lakes here. It's been an increasing business over the last few years, and there's room for more improvements. It was good to hear earlier today that wharf 12 in the Welland Canal will start to be used to bring containers in. It's a great business to pursue. Short sea shipping is thriving, and it's a great way to minimize the traffic on the highways. We can do it safely, for sure.

Mr. Matt Jeneroux: I had a follow-up on the Juan de Fuca Strait, but I'll wait until Wednesday for that one as well.

To you, Mr. Given—I guess, collectively, I get to refer to both of you—within your union, can you highlight some of the inter-provincial challenges you would face in going from Atlantic Canada to B.C.? Would you be able to comment on some of those?

Mr. James Given: Interprovincial challenges are very few. We're a federally regulated industry, so 99% of what we do is in the federal jurisdiction. Our seafarers move freely from place to place across the country to work in any area, and we make sure they're trained in all areas and all aspects of any work that they do, whether they be in the Great Lakes, the Arctic or the east or west coast.

Mr. Matt Jeneroux: Great. Those are my questions.

The Chair: Mr. Hardie.

Mr. Ken Hardie: Thank you, Madam Chair. I think it's intriguing, sometimes, to hear from ground level—the people, the boots on the decks or on the docks, doing the work. What are your reflections about the efficiency of the whole system? You guys look after the ships, but especially in the case of stevedoring, you're a point at which intermodal activities start to take place. What are your observations about the efficiency of the whole machine along the St. Lawrence Seaway?

We'll start with you, Madam Couture-Trudel or Mr. Graham.

Mr. Bruce Graham: We believe there's good communication flow that occurs among the different groups—the pilots, the shipping lines, us—with regard to cargoes and transits and utilization of the dock. All things said, they can always be improved. There could be other things placed that would allow those things to be more flexible and provide the agility we're looking for as a company.

Stakeholders...as far as communication with ports, the seaway itself and things like that are good, but again, those things can be improved as well.

• (1030)

Mr. Ken Hardie: I'm thinking more about what you observe. Are there undue delays, for instance, in transferring cargo? What about the fluidity of ship movements up and down the seaway? Are there constraints? Are there operational issues? We heard, for instance, that pleasure boats on the system can quite often get in the way of some of the larger vessels and that it's hard to find out where they are and what they're up to. That's just one example, but are there others?

We look at, for instance, the efficiency of the railways. Are the railways planning with the shipping companies in terms of how to deal overall with what we would hope to see as a boost in trade along this corridor, and similarly, with the provincial highway authorities?

Ms. Claudine Couture-Trudel: I believe the maritime networks could be used more if intermodal infrastructure were increased, as we were saying previously. Shipping is a green alternative in transport right now, and a very good one economically speaking, but the networks sometimes are not available easily enough to other users.

Mr. Bruce Graham: Certainly, when we see a delay in our industry, it's because of access to docks—for example, if the dock already has a ship on it. Investment in infrastructure would allow for better access within the system.

Mr. Ken Hardie: I have one final question, then I'll return the remainder of the time to Mr. Iacono.

Captain Burgess, there's been some talk about consolidating the management of pilotage authorities across the country. What do you see as being the benefits or perhaps drawbacks to that?

Capt Mike Burgess: I won't go into great detail on that. Our views on it are public. We don't see benefits in it. Each region supplies its own expertise. As I mentioned to Mr. Jeneroux, the Pacific has its own expertise out there. The Great Lakes have their own expertise. They're different systems, and they're different in the way they operate.

There have been studies on the financial gains that would result from that, and they're minimal. The loss of local expertise would be a great concern to the safety that's provided by the local knowledge. Pilots provide the local knowledge on the ships, but each authority provides its own local expertise in the region they govern.

[Translation]

Mr. Angelo Iacono: Good morning, ladies and gentlemen. Thank you for being here this morning.

My first question is for Mr. Given.

Maritime transport is carried out by cargo ships, but it also involves personnel who ensure that the ship travels from point A to point B.

What are the particularities of Canadian sailors in terms of maritime transport compared to their American counterparts?

[English]

Mr. James Given: When you look at the differences, the Great Lakes are the greatest difference. It's the confined waters, the spaces that we operate in, and then if you look at the Arctic, it's the harsh conditions that our seafarers would work in there. The United States

is different in that they have the Jones Act, which is the gold standard in cabotage.

In Canada now, with our cabotage regime, and coming through some of the issues with Bill C-49 and making sure that we have everything in place to maintain our cabotage, we've launched an initiative of over \$2 million to train our seafarers to make sure that they are the best in the world and that they operate within the confined waters of Canada to the best of their ability.

[Translation]

Mr. Angelo Iacono: I have two questions for you, and you can answer them in whichever order you choose.

What are the current labour requirements for efficient maritime transportation in Canada?

What impact do the changes to the temporary foreign worker program have on the union?

[English]

Mr. James Given: When you look at the needs of the seafarers right now in Canada, that's why we launched the initiative. It's because we do need another 300 to 400 seafarers in order to fill the gaps that are going to be coming up with retirements and through attrition within the industry. We think we've been able to do that fairly well.

With the changes to the temporary foreign worker program, that initiative and the policy that's now in place is simply a "Canada first" policy, where for any ship coming in that comes in under a waiver from Transport Canada to operate, because there are no Canadian ships, the crew on that ship have to go through the process. The labour unions in the country will be contacted to see if we have Canadian seafarers available. If we don't, then the foreign seafarer would come in with a permit.

• (1035)

[Translation]

Mr. Angelo Iacono: Thank you.

[English]

The Chair: Now we will move over to Mr. Aubin.

[Translation]

Mr. Robert Aubin: Thank you very much, Madam Chair.

I would like to thank each of the witnesses for being with us today.

I will start with you, Mr. Burgess. First of all, I was very impressed by the assessment you made: 50,000 pilotage agreements per year and an incident rate of not quite zero.

This summer, in need of reading, I picked up the Grégoire report, which raised a number of issues.

When we talk about improving the economy through economic corridors, I have the impression that we often try to increase the speed and fluidity of transportation. Security is treated as another element, just as important, but different. I have the impression that the two go hand in hand.

If there are zero incidents on the seaway, or something like that, it increases fluidity. As soon as there is an incident, the corridor is congested for an indefinite period of time. It seems to me that a number of the measures proposed in the Grégoire report go against this, particularly when it comes to offering a competitive market for pilots.

I don't know if such a market exists or ever existed; it's up to you to tell me. If there were a competitive system of pilots on the St. Lawrence and the Great Lakes, in your opinion, would there be a risk that a pilot would lose his independence under pressure from a shipowner?

[English]

Capt Mike Burgess: Thank you.

Those were some very good questions.

First of all, I have to correct on the "not quite zero". We're close to that. We strive for that, for zero incidents, but the 99.9%.... There are a few minor ones, but absolutely, when you're questioning what would happen if the government was to follow the recommendation by Mr. Grégoire, it would certainly affect safety. The complete basis of pilotage and why we're able to provide such a safe service is that we are free from commercial pressures, and that one recommendation would certainly put that at risk. We're also quite confident that Transport Canada and the government will use their good judgment and not put something forward that would put safety at risk like that.

[Translation]

Mr. Robert Aubin: Are there portions along this corridor that are risk-free, or does each area require a detailed knowledge of the environment?

[English]

Capt Mike Burgess: The whole area of the Great Lakes is compulsory pilotage. Some areas may be less at risk for the open lake passages going across, but the system is not.... Even if they were to consider something like that, the system is not set up for that. It's financially cheaper to keep a pilot on board all the way from Sault Ste. Marie up to Thunder Bay, because there's no pilot boat service that could come out as far. It would be an increase in cost anyway. But there are risk areas that the pilots provide safety for, and we're up in the wheelhouse to make sure that things go safely.

[Translation]

Mr. Robert Aubin: My next question is for Mr. Given. It has to do with what I call false good ideas. I'm not saying it is, but that's what I'd like to check.

Foreign shipowners have been allowed to transport empty containers from one port to another. Does this have a direct impact on the jobs of Canadian seafarers? Are we able to protect these jobs?

I imagine that the employability conditions of the various seafarers are quite diversified. Can you give us a picture of the working conditions of a Canadian seafarer compared to a foreign seafarer?

• (1040)

[English]

Mr. James Given: On the movement of empty containers, through the consultations with the government, I think it was a reasonable compromise on behalf of the Canadian industry. It was a piece of the industry that no one was doing. You don't want to see empty containers parked in every port, so they have to be moved. I think the compromise was good. The government listened and we came to that agreement.

I just want to address Canadian cabotage. One of the misconceptions about cabotage is that it's unique. It's not unique. So many countries have it. Chris, if you could give us the stats on it, I think it will clarify a few things on Canadian cabotage.

Mr. Chris Given: Sure. Thank you.

This is good timing. Tomorrow there is going to be a study released by Seafarers' Rights International, which is a London, U.K.-based organization. They were commissioned by the ITF to do an independent study on cabotage laws in the world. What they found is that, out of 140 UN nations, there are currently 91 that have cabotage regulations. Those are a lot of the countries that Canada trades with. That's 65% of the countries out of the 140 that were surveyed.

Cabotage is really spread throughout the world. Geographically, 80% of the world's coastlines are protected by domestic cabotage regulations, and 28 out of the 40 countries that are represented on the IMO council have them as well.

Mr. James Given: To summarize, the difference between a foreign seafarer and a Canadian seafarer is about \$14 an hour. That's the only difference. There's no difference in the work they do, other than the regulations in Canada, of course.

We have our social systems. We have our social nets. We have a certain level of living, and that's what the wages are based on. A Canadian seafarer would make \$26 an hour, and a foreign seafarer doing exactly the same job on exactly the same ship would make about two dollars an hour.

The Chair: The clerk likes me to keep track of time here rather than have a free-for-all.

Mr. Badawey.

Mr. Vance Badawey: Thank you, Madam Chair.

I'm going to ask you a few questions and then give you guys the time to fill in the blanks following that.

It was mentioned earlier that the seaway is at 50% capacity. Also mentioned was the need to integrate. I believe it was Bruce who talked about integrating the supply chain.

I have to say this. It was Ken who leaned over to me and said that it seems like, in the last two sessions we had, everybody has been working in their little silos versus having a broader strategic plan that takes advantage of all the partners.

With that in mind, including the lack of workforce, the need for further training in safety, the need for a broader picture that looks at the supply chain, and of course, the methods that help fluidity within the supply chain vis-à-vis transportation, my question to all of you is this. What can you contribute to that overall bigger picture from your own teams, adding to the robust trade quarter or strengthening the trade quarter that we have available here in Niagara-Hamilton and the southwestern part of Ontario? How can we strengthen the economic cluster utilizing its stronger multimodal integrated systems? As well, can you speak of the specifics that you guys deal with on a daily basis that can contribute to that overall strategic plan?

We'll start off with James.

Mr. James Given: Thank you. It's a great question.

We met several years ago. We have maritime port councils, which are us, the teamsters and different unions that operate marine, rail and trucking, the whole scenario. During the meeting we had several years ago, we looked at the possibility of that intermodal method of moving cargo through the system. All of the unions agreed that, in order to get things running and get things maintained, we have to look at compromises. We have to look at long-term labour agreements and we have to look at stability.

When it comes to labour, labour is all on board. We want to see it get done. We see we're missing the boat—pardon the pun. Right now we see containers moving straight through the canal into the Port of Cleveland at a lower rate.

When we look at transshipments, when we look at the Port of Montreal, which container-wise is full, we have to move those containers to this area and give us the opportunity to then ship them by rail or truck down into the U.S. Midwest. We can do that more cheaply and probably more efficiently than they do bringing them on the east coast of the United States. Excuse me, my U.S. partners.

That's how we see labour playing a role. We want long-term agreements in place in order to move the logistics hub along, to get things moving, to get things rolling and to make sure that it's stable. We're committed to doing it. You can't face a situation where you have labour trouble every few years.

● (1045)

Capt Mike Burgess: Pilots across Canada participate in development of ports. We look at all the safety factors. We run simulators to make sure it can be done safely and to help with input on design of the docks to make sure it can be maximized for the size of ship and what kind of ship can go in there. We're all on board.

As I've mentioned, we stay free of commercial pressure, but that doesn't stop us from providing our expertise on the development of ports. On the Great Lakes, when I hear talk of possibilities for developing docks in the Welland Canal, there's lots of room for improvement and expansion there, to provide good service and gateways. The pilots are on board to participate in that.

Mr. Vance Badawey: That's great.

Bruce.

Mr. Bruce Graham: A lot of similar points are being brought up here in regard to the infrastructure being required, the training of

personnel to be increased in regard to your access to new clientele, so being prepared with new equipment, new ideas, having long-term agreements and a multimodal capability around ports. When our clients are looking for things, they're looking for ways to interact with other forms of transportation—your roads, your rails, things like that—so we need some investment in those areas as well.

Mr. Vance Badawey: Let's talk a bit more about that. With respect to getting there, what are your needs?

Mr. Bruce Graham: We need access to funding. We need continuing dialogue between government and different groups making decisions, so everybody understands those requirements.

Ms. Claudine Couture-Trudel: We also need to stay close to the locally routed management model to be able to maintain and increase the communication between the port authorities but also the communities surrounding the ports, because as all of you must have noticed, during the last few years the communities have become more and more interested in ensuring that their safety, security and the environment are strongly respected. Being close to everyone enables us to better understand and address those concerns.

The Chair: Thank you very much.

Mr. Hardie, you have four minutes.

Mr. Ken Hardie: I will split my time with Mr. Iacono again.

I'll take some of the questions that my colleague Mr. Jeneroux was asking a little earlier about the shipment of oil and oil products. As you know, that's a pretty big issue out west, particularly with the development of the Trans Mountain pipeline. A lot of people out there are setting their hair on fire about the idea of moving oil across the ocean. For some of us, of course, that's not going to be an issue anymore. Is it, Mr. Aubin?

What else is being shipped? You look at diluted bitumen, and yes, it's not the nicest of products, but you know we had an issue in Lac-Mégantic with Bakken oil being shipped on a poorly maintained railway and we had a disaster there. We have to look at alternatives.

What else is in the ships now that, if people knew, would normalize the notion of transporting oil by ship in the Great Lakes system?

Mr. James Given: If people looked at the Great Lakes system right now they would see that a dozen or more oil tankers are operating within it all the time, accident free.

The bigger aspect is, when you look at shipping oil, does it make any sense to ship our oil by pipeline down to Texas and then put it in a ship and bring it back to Montreal? It makes absolutely no sense to me. It increases costs. It increases everything. We have a record of safety within the Great Lakes on Canadian flagships transporting oil, and that's what the public needs to know.

Mr. Ken Hardie: What else are we shipping that if people knew, they'd say, "Oh, my God".

Mr. James Given: Ninety per cent of everything you touch is moved by ship.

Mr. Ken Hardie: Are there chemicals or other corrosive materials?

Mr. James Given: Acids, caustic sodas, everything's being shipped. If you can think of it, it travels by ship at one point or another in its life.

• (1050)

Mr. Ken Hardie: That I guess then speaks to the point by Captain Burgess that 99.9% safety says something about the possibility of shipping these products.

Capt Mike Burgess: It certainly does.

As Mr. Given said, it is done safely. There have been improvements over the years. Single-skin tankers are outlawed now. They all have double hulls, so even if a ship were to lose its steering and strike something, chances are that it would just get a hole in the outside tank and no oil would be spilled.

The construction of ships has improved, safety-wise, as has the training of the pilots and the captains on the Great Lakes ships. The seaway has also made improvements to safety.

Mr. Ken Hardie: I have a quick question. Do the pilots have a role to play in the oceans protection plan?

Capt Mike Burgess: I think we could very well do that, just in the provision of safety and ensuring that the ocean is protected, and that the Great Lakes are protected also. I'm sure we would be available to help out in it.

[Translation]

Mr. Angelo Iacono: Thank you.

Mr. Given, I would like to come back to the comments you made about the shortage of labour.

What steps have you taken so far to address this issue? How could the government help you to have enough labour to handle the transport of goods?

[English]

Mr. James Given: I'll let you know where to write the cheque, if you want to help us out. That's not an issue.

We've launched the initiative with our member companies, our partner companies. Like I said, it's called "Be a Seafarer". It's working. We now have apprentices going to school in order to fill the gaps, and we feel that we're going to get there. There's a worldwide shortage of seafarers, and as a Canadian industry, we're addressing it as best we can. I think we're going to be very successful in that challenge.

One of the things that has done a lot for us in the last year or so is that the rhetoric of getting rid of cabotage seems to have died down, which means our companies are willing to invest in the future. When you have someone saying that you might not have a Canadian flag in seven years, like was in the Emerson report, that makes it very hard for Canadian companies to invest, and it makes it very hard for the general public and young people to see a future in seafaring.

We've passed that and we're moving forward. We're getting to where we need to be. We're quite confident that we're going to be able to fill the gaps and look at a path to citizenship instead of temporary foreign workers.

Mr. Angelo Iacono: I have one last question.

What's the number? What do you need, in numbers of employees?

Mr. James Given: We started a few months ago with a shortage of about 300 that was predicted for the fall. We've been able to reduce that gap down to about 100. We were able to fill all the jobs that were necessary to fill, and we've had a year where shipping companies were running every ship they had in order to make sure the cargo got from point A to point B. We're not seeing any delays or any stoppages, and we're keeping up with what's needed.

The Chair: Thank you very much.

We will now turn to Mr. Jeneroux.

Mr. Matt Jeneroux: Thank you, Madam Chair.

I have a quick question, as I'm cognizant of time.

Madam Couture-Trudel and Mr. Graham, to follow up on Mr. Badawey's question, you mentioned looking for federal support. Is it financial, or otherwise? Could you expand on what you're looking for from the federal government?

Mr. Bruce Graham: It can be financial in regard to the infrastructure. It can be things like policies as well. I believe it has to be a collaborative approach in regard to these things, to better the corridor itself.

Mr. Matt Jeneroux: Let's focus on financial for a second. What specifically in terms of infrastructure would you be looking for?

Mr. Bruce Graham: It's in regard to the maintenance of the docks and taking advantage of some new technologies that could be out there as well. The real core for us currently—the most pressing thing—is maintenance of docks and maintaining those docks.

• (1055)

Mr. Matt Jeneroux: Is there funding available, that you know of, to apply for that?

Mr. Bruce Graham: There is. We hear about the grants that are out there. Through some of our local politicians we're told about them. Sometimes we're not really clear how it works and how it gets implemented, so we need assistance. Some of them are very good at that, so far.

Until this point, we have not been able to receive any funding.

Mr. Matt Jeneroux: Have you applied for funding specific to the federal level?

Mr. Bruce Graham: Not directly. We went through a collaborative approach with the region at one time that we thought was going to do that for us, but in fact it became the lesser of needs, I believe, and was set aside.

Mr. Matt Jeneroux: Okay. With regard to policies, you mentioned there could be levels of federal government support. What specifically would those be?

Mr. Bruce Graham: I'm not the expert on that in our company.

Ms. Claudine Couture-Trudel: With respect to additional support, there are various things that we would love to see, outside of just infrastructure, such as research and development in the environmental sector. Right now, our companies are in need of different investments and new investments to address new concerns and new levels of protection for the environment. We would love to have additional federal support in finding better practices, and help with funding for infrastructure to reach these goals as well.

The Chair: Thank you very much.

I'll move on to Mr. Aubin.

[Translation]

Mr. Robert Aubin: Thank you, Madam Chair.

I will try to ask each of you a quick question, starting with Mr. Given.

I'm new to this field. I would like to know if there are mixed crews on a ship. What I mean is, are there Canadian seafarers who earn \$26 an hour and foreign seafarers who earn \$8, \$10 or \$12 an hour?

[English]

Mr. James Given: No, you wouldn't get a Canadian to go on board for two dollars an hour. I want to make sure that I set the record straight. With the new policy on temporary foreign workers—the new mandate and directive from ESDC—the foreign seafarers who do come to Canada and are working under a temporary foreign worker permit are now going to be issued new employment contracts that clearly show they are earning Canadian wage rates. It will help to level the playing field.

[Translation]

Mr. Robert Aubin: Thank you.

My next question is for Mr. Burgess.

I don't know the Great Lakes region very well, but I know the St. Lawrence a little better, where a large part of the channel is dredged. Are we at the limit of possibilities in terms of ships, draughts and bridges under which to pass? For example, can we move from a Panamax to a super Panamax, or have we already reached the maximum of what we can do on the St. Lawrence Seaway?

[English]

Capt Mike Burgess: We are certainly at our limit for what exists right now. As mentioned, there is lots of room for more ships. The newer lake ships are at maximum size—length, width and depth—for the system that exists. An improvement and expansion in the system in the future is definitely worth looking into. It would provide much greater ability to move more cargo and keep it off the roads and do it more efficiently.

[Translation]

Mr. Robert Aubin: Thank you.

Ms. Couture-Trudel and Mr. Graham, you said that investment was needed, particularly in wharves. Is it more a matter of upgrading aging wharves or adapting wharves to the size of new vessels?

[English]

Mr. Bruce Graham: I would say it's more on the modernizing side. If there were new vessels, and certainly if there was a depth change, then of course all ports would probably be affected on the Great Lakes in regard to what they could handle. You would have to find out what that modernization of the seaway was before you could answer the other question.

In regard to what exists today, you're looking for things to maintain what you have at a high level. Quite frankly, there's a possibility that maybe there are new ways and new technologies out there that could make it a more efficient operation as well.

• (1100)

The Chair: Thank you very much.

I ask all of our witnesses and my colleagues if they would stay in place for a moment. Our clerk is going to take a picture and post it on our website so that taxpayers can see we are actually working. We're not out viewing the falls.

May I remind you that we do have a round table opportunity between six and seven this evening in this same room. You're all welcome to come back and talk with the committee members if you choose.

I will suspend, but please don't move for a minute.

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(Pause)

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• (1110)

The Chair: I call the meeting back to order.

Thank you very much for joining us this morning.

We have the Algoma Central Corporation, Gregg Ruhl, chief operating officer. We have the Canadian National Railway Company, Andrew Fuller, assistant vice-president, domestic intermodal and automotive. We have the Chamber of Marine Commerce, Bruce Burrows, president. We also have Lake Carriers' Association, Jim Weakley, president.

Thank you all very much for being here. If you could, please keep your comments down to five minutes or so. The interpreters ask that you don't go too fast. They are trying to make sure that they get everything exactly. They don't want to miss a word.

We'd like to start with Mr. Weakley.

Mr. Jim Weakley (President, Lake Carriers' Association): Good morning, Madam Chair and members of the committee. Thank you for the opportunity to be here today.

My name is Jim Weakley, and I serve as president of the Lake Carriers' Association, based in Cleveland, Ohio. On behalf of my members, I would like to congratulate you on launching this important dialogue. A focused and thoughtful discussion on the Canadian transportation and logistics supply chain is well warranted. Given the highly integrated nature of the North American trade and logistics network, this dialogue must include a focus on cross-border issues, maritime trade, and opportunities shared between your great country and mine.

To illustrate just how interconnected we are, when a laker transits the Detroit-St. Clair River system, it crosses the border 17 times. If it were a separate country, the natural trade corridor formed by the eight Great Lakes' states and two Canadian provinces would have the third-largest economy in the world. For these reasons, I have regular and ongoing interaction with many Government of Canada representatives through the course of my work.

LCA was founded in 1880 and is one of the oldest trade associations in the United States. We represent operators of the U.S. flag vessels operating on the Great Lakes. Our members employ more than 1,600 people, and our cargo generates over 116,000 jobs, \$20 billion in economic activity, and \$3.7 billion in taxes—all in U.S. dollars. The bi-national Great Lakes navigation system creates 237,000 jobs, \$35 billion in economic activity, and \$6.6 billion in taxes. It also saves the North American consumer more than \$3.6 billion in transportation costs.

Our ongoing contributions to both Americans and Canadians are vast. We are proponents of more trade and commerce between Canada and the United States. We strongly recommend that both national governments take a holistic approach to the binational Great Lakes trade corridor when making investments, setting policy and making regulatory decisions. The words "harmonization" and "interoperability" are frequently used when discussing Canada-U.S. trade. The only way to fully enable the incredible economic potential of trade and commerce between our two nations, particularly here on the Great Lakes, is to ensure that decisions are made with these two key elements in mind.

A new transportation strategy must take into account the critical capability needs, such as enhanced and more reliable icebreaking services. We should also electronically integrate the U.S. Coast Guard and Canadian Coast Guard command centres on the Great Lakes, as they do on the west coast. In terms of regulation, taking a binational approach to air emissions, ballast water, and the protection of species at risk through the lens of cross-border integration and harmonization adds to our ability to generate economic development and good-paying jobs on both sides of the border.

I commend you on undertaking this important study. Transportation is the lubricant that keeps our economies moving. The binational Great Lakes trade corridor continues to contribute much to both our nations.

I look forward to your questions and to ongoing engagement with Canadian parliamentarians and other government officials.

Thank you.

• (1115)

The Chair: Thank you very much, Mr. Weakley.

Mr. Burrows.

Mr. Bruce Burrows (President, Chamber of Marine Commerce): Good morning, Chair and members. Thank you for inviting me to present before the transport, infrastructure and communities committee.

I am thrilled to be here in Niagara Falls, located so close to the Welland Canal, a key component of a bigger national transportation corridor, which in its entirety, right down to the bottom of the St.

Lawrence, we would call the Great Lakes-St. Lawrence River waterway.

[Translation]

My name is Bruce Burrows. I am the president of the new Chamber of Marine Commerce, or CMC.

The new chamber is an organization that represents more than 130 members of the marine sector in Canada and the United States. Our members do work in the Great Lakes, the St. Lawrence Seaway, the coasts of Canada and the United States, and the Arctic. The CMC works to promote a strong and competitive marine industry in Canada.

[English]

I'd like to take a quick moment before delving further into my remarks to personally invite the members of the transport committee to participate in the CMC's annual Marine Day on the Hill, taking place this year on Tuesday, October 16. CMC members will be in Ottawa to advocate for the importance of our sector to Canadian public interests, and we will cap off the day with an open reception. We will be reaching out to your offices with further details, and I hope to see all of you there.

Let me now highlight the importance of the marine mode in a few ways: its efficiency, its economic contributions and its environmental footprint.

Beginning with the environment, the marine mode has a great story to tell. Members of the CMC are dedicated to reducing emissions and are investing in alternative fuels, for example, to power their ships. We continue our global work at the International Maritime Organization in London to set a level playing field for emissions standards.

Like the airline sector, we are global and regulated at the international level. If you compare the modes, marine wins hands down on environmental efficiency. One litre of fuel can move one tonne of cargo 243 kilometres by ship versus 213 by rail, and only 35 kilometres by truck. In terms of emissions, our existing footprint is already very small. A typical ship will emit almost 12 grams of CO₂ per metric ton kilometre, compared with 14 for rail and as much as almost 76 for trucks.

With our new goal of decreasing carbon emissions by 50% by 2050, we're on a path to almost complete decarbonization in the marine mode. Adding to this great environmental story is the efficiency of the marine mode. More than 90% of goods move internationally by the marine mode. It's the most efficient way of moving bulk cargo. Combined with the right intermodal connections, we can maximize the efficiency of our other transport mode partners—one of them is here, CN—notably rail and also road. With the entire waterway system at 50% capacity, and with St. Lawrence cargo volumes up 9% last year and 4% up already this year, we have a great opportunity to build on this new momentum and increase the amount of goods moving by marine mode to relieve congestion on highways, keeping in mind that the typical ship represents about 1,000 trucks.

There are, I must caution, some challenges to growth, for which we have solutions. I'm thinking in particular about the need to modernize and reform pilotage services, which have become very costly to users, and as Jim was mentioning, the need to replace an aged fleet of icebreaking assets.

Beyond efficiency and the need to harness recent gains, when we look at the economic contributions to the industry in Canada, it is truly amazing. In a recently released study of the impacts of the marine mode in the entire waterway region, it was revealed that in 2017 in Canada—Jim spoke to the U.S. side; it's the same study that we collaborated on—the marine mode creates over 180,000 jobs, and we handle about 185,000 metric tons of cargo every year. That contributes about \$26 billion on the Canadian side in economic activity, and it's almost \$6 billion in tax revenues in this big region that Jim referred to as the third-largest economy. That's a \$6-trillion economy that we're right in the middle of here. It is very substantial.

As you can see by the numbers, Canada's inland waters are a large contributor to our country's trade success. These results underline the importance of the waterway as a strategic transportation and trade corridor, not just for Canada domestically but also with our trading partners in the U.S. and throughout the world. This corridor will help Canada build exports and diversify its international markets. We hope to see this vital corridor recognized through increased infrastructure investment in the region as well as through increased utilization rates.

Once again, thank you for taking the time to invite me to present today. I look forward to answering any questions you may have.

• (1120)

The Chair: Thank you, Mr. Burrows.

Mr. Ruhl, please go ahead.

Mr. Gregg Ruhl (Chief Operating Officer, Algoma Central Corporation): Good morning. I'm representing Algoma Central Corporation. We've been in business for over 100 years, incorporated in Canada. We are the largest carrier on the Great Lakes and St. Lawrence Seaway, with almost 30 ships plying these waters exclusively, ships that were purpose-built for the lakes and the seaway and optimized for the infrastructure that exists.

We have spent almost a half a billion dollars in the last few years renewing our fleet, or a portion of our fleet. We obviously have replaced older ships with more modern and more efficient ships, with the size, fuel efficiency and emissions all upgraded.

Our headquarters are in St. Catharines, just a few minutes from here. We have over 1,000 employees, at least half of them employed in the Niagara region and the rest throughout Canada.

In addition to our domestic activities, Algoma recently has expanded internationally with our expertise in what we call "short sea shipping", which has been done around the Great Lakes for many years before the term was even popular. We're doing short sea shipping now and taking that expertise around the world. We have over 50 ships that we either own or operate in Central America, and throughout Europe and Asia. Algoma is growing and taking the expertise of the Canadian workforce and expanding it really throughout the world.

In terms of what we do in the Great Lakes and St. Lawrence Seaway, we move a lot of iron ore, both Canadian ore mined in eastern Canada into the Hamilton area for production of steel in blast furnaces and ore mined in Minnesota moved cross-border into Hamilton to make steel for the Canadian industries. Some of that steel, of course, ends up going back into the U.S. or into automotive production for export into the U.S.

I mention that because, as I go through some of the commodities we move, you will see a theme. Over half of the cargoes that Algoma touches move cross-border. They either originate in Canada and end up in the U.S. or originate in the U.S. and end up in Canada.

The second biggest commodity we move is grain. We have over 50 cargoes of grain to move here in the next Oct., Nov., Dec., as they say. Most of that will be out of Thunder Bay, elevated in the St. Lawrence Seaway for export, but much of it also goes to millers in Canada for flour and food production domestically.

We carry a lot of road salt. We are the largest carrier of road salt. We move salt mined in Cleveland to the Toronto area. We move salt mined in Goderich and Windsor, Ontario, to places such as Milwaukee, Chicago, and Green Bay, as well as, of course, all throughout Canada as far up as Montreal.

We move a lot of aggregate stone for construction, as well as for use in blast furnaces to take impurities out of the steel as the iron ore is broken down. We move slag for the production of cement. We move cement from Canada into the U.S. for construction. We move clinker from Canada into the U.S., where it's further processed into cement in Detroit.

I will keep going for a few minutes. You are probably catching the theme of my remarks here.

We move aggregate stone that's mined in Ontario into places such as Green Bay for feed for chickens and things such as that. We move a lot of stone mined in the U.S. also into Canada, where it's used for its chemical properties and also in the steelmaking process.

I don't have prepared remarks. If you could wave to me when I'm done, I will be respectful.

I hope I can take some questions later about some of the bottlenecks that we have a vision for helping with. I heard that mentioned earlier. Also, Canadian seafarers are very important, obviously, our lifeblood. More important than our equipment is that we have the people to run that equipment. It would be silly to spend a half a billion dollars and not have trained and qualified Canadian seafarers to operate those ships for the next 30 to 35 years.

• (1125)

In terms of pilotage, we are the self-piloting folks who were mentioned by Mike earlier. We do self-pilotage certification for our employees. As companies, we are also 99.99% safe when we self-pilot our own fleets. We're working together, in co-operation with the pilotage authorities on that end.

Thank you.

The Chair: Thank you very much.

Let's move on to Mr. Fuller.

Mr. Andrew Fuller (Assistant Vice-President, Domestic, Intermodal and Automotive, Canadian National Railway Company): Good morning, everyone. I'm Andrew Fuller and I'm the assistant vice-president for sales and marketing for domestic intermodal at CN. We appreciate this opportunity to appear before your committee today on the important topic of trade corridors.

Today marks the beginning of Rail Safety Week across Canada. Our team of railroaders will be on the ground all week in many of our neighbouring communities, sharing a message of awareness and tips about our shared responsibility for safety around rails. CN is a proud partner of Operation Lifesaver, whose 2018 rail safety campaign #STOPTrackTragedies will reach millions of Canadians all over the country. There are actually signs and boards in many communities where you can pledge support for rail safety awareness in all communities across Canada.

CN employs about 24,000 Canadians across the country, and it transports more than 250 billion dollars' worth of goods across a North American rail network that covers roughly 20,000 route miles. As a reminder, our network stretches from Vancouver and Prince Rupert on the west coast to Halifax on the Atlantic coast and to New Orleans and Baton Rouge in the American south. We serve ports on all three coasts. In Canada, we serve all the major ports, including Vancouver and Prince Rupert on the west coast and Montreal and Halifax on the east coast. We also serve Thunder Bay, carrying grain and other products that move on the seaway system.

CN has a significant footprint across Ontario, serving thousands of businesses and supporting a large number of local jobs. We have the largest terminals of their kind in the CN system. Our classification yard in Vaughan and our intermodal yard in Brampton move over one million containers annually.

CN's business is very diversified, both in terms of the traffic we move and where we move it. Thirty-four per cent of our traffic moves across the Canada-U.S. border, 17% moves domestically in Canada, 25% is exported from the west coast ports, and 6% is exported from the east coast ports. You may not be aware that CN also operates a fleet of ships that move iron ore and other products on the Great Lakes system.

CN crosses the Canada-U.S. border in eight locations, but our primary points of entry are the CN rail tunnel between Sarnia, Ontario, and Port Huron, Michigan, and our crossing between Fort Frances, Ontario, and Ranier, Minnesota, which together handle about 85% of our cross-border traffic. We move a significant amount of container traffic, known as intermodal traffic, which comes from Asia through the ports of Prince Rupert and Vancouver,

then on through Fort Frances to the U.S. market in Chicago, Detroit, and south to Memphis and beyond.

CN is investing heavily to grow our capacity and strengthen our network in Ontario. Our 2018 capital investment plan includes the investment of approximately \$315 million to expand and strengthen Ontario's rail infrastructure. The Ontario investments are part of CN's record \$3.5 billion capital program for 2018, which represents roughly 25% of our revenue base in 2018 alone.

Key investments include a new passing siding on our transcontinental corridor through northern Ontario, linking Toronto and Winnipeg, and intermodal rail yard expansions that will improve the efficient movement of containers into and out of the greater Toronto and Hamilton areas. Other capital program elements will focus on the replacement, upgrade and maintenance of key track infrastructure to improve overall safety, capacity and efficiency.

We are working with all levels of government to align our inland capacity to support port expansion and population growth in the population centres of southern Ontario. To address increased demand, we plan to invest \$250 million in a satellite intermodal facility in Milton, which will enhance volumes and relieve the strain of overcapacity being felt in our facility in Brampton. The Milton logistics hub has been strategically located to support the logistics and warehousing industry in the west GTA. It will support up to 1,000 jobs while also relieving highway pressure on the 401 and QEW highways, which I took this morning.

• (1130)

This project is good for movement of both goods and people. This project will facilitate the modal shift of goods from long-haul trucks to trains, reducing emissions and alleviating congestion. The project is undergoing an environmental assessment by a three-member independent review panel under the Canadian Environmental Assessment Agency and the Canadian Transportation Agency.

CN will continue to make investment decisions that benefit the supply chain and its users and ensure that product gets moved to market in a timely manner.

We look forward to continuing to work with the Government of Canada to strengthen trade corridors and ultimately the transportation network across the country.

Thank you.

The Chair: Thank you very much, Mr. Fuller.

Mr. Jeneroux, you have five minutes.

• (1135)

Mr. Matt Jeneroux: Perfect. Thank you, Madam Chair.

Thank you, everybody, for being here.

It's a shame, Mr. Burrows, that we're always in Ottawa, but you're here today, so it's good to see you travelling along with the committee.

We'll start with you, Mr. Burrows. This is a stat that I've now heard twice today, that 90% of goods are moved by marine. We had a presentation from the transport department prior to our heading out on this trip, which said we're seeing an increase in the number of trucks on the road. I'm hoping you're able to comment on that increase because from what you're saying, that there's ability for added capacity on your end, it would make sense to continue to increase on the marine side as opposed to trucks.

Mr. Bruce Burrows: I have two points, if I may. First of all, let me just say we've left a copy with each of you of the March study that I was referencing—that's the blue document. That really demonstrates clearly, I think, that the entire marine corridor is a key driver of activity in Ontario and Quebec, in particular.

Within that, you're making reference to the increase in trucks, and we too are growing. I mentioned the 9% improvement last year, and already it's 4% this year to date. That was with a rather difficult opening to the season with a lot of ice, as my partners at the table here fully understand. We expect a pretty robust fall, and we're on track for further significant growth this year. I think all the modes at the moment are growing.

I'm not sure what CN's growth is, Andrew, but I know you're growing as well this year from last year.

Then it's a question of modal shift in particular with the trucks and what we can do to facilitate more modal shifting. That's really the nub of your question.

I think there are a number of things, particularly at the provincial level, that we can do from a policy perspective. We can perhaps look at some incentives and maybe even disincentives. The Quebec government, if you're not aware, has a very progressive maritime strategy in place. They recognize these environmental benefits and economic benefits that I spoke of. They're very keen to facilitate that modal shift, and to the extent that the federal government can be engaged in that process, there may be some taxing mechanisms that could be deployed here as well. There is an opportunity, I think, even at the federal level to facilitate some of that shifting.

Mr. Matt Jeneroux: I guess some of that could cross the provincial borders, as you've indicated. Being from western Canada, I'm not aware of an Alberta provincial marine strategy, but I would be curious, when it comes to the increase in trucks and what you just spoke of, if there's a possibility to have all provincial partners at the table to address certain areas. Is that happening now?

Mr. Bruce Burrows: It's not but it should. I'd certainly be very keen to participate in some more of those discussions. Just look at western Canadian exports, which neither turn left and go out over the very difficult and expensive Rocky Mountains route—and we're hearing all about the problems with congestion in the west coast and so on—nor turn right and go east through the Thunder Bay gateway to a whole corridor that is underutilized.

Again, there may be some infrastructure investment opportunities here that would ultimately help, in particular, with the ports in the system—if we can then have an even more efficient ports system—

to perhaps take some of that truck volume off the roads. I think the issues that we raised here in terms of getting some of the costs out of the system—pilotage, getting more icebreaking assistance in place, addressing some of those cross-border harmonization and regulatory improvement issues that Jim Weakley spoke about—will ultimately help us be more efficient and better able to attract business off the roads.

Mr. Matt Jeneroux: If we're looking at getting trucks off the roads, we've just seen an investment of an increase, I believe, to 12 lanes at the Ambassador Bridge in the Windsor corridor, which is coming from that perhaps.

Mr. Bruce Burrows: I was speaking to the Ontario government's Minister of Transport about this. If you look at the demand for transportation services in Ontario and at the supply of infrastructure available, and you talk about the roads, you'd have to make huge investments in expanding the highway system, and even double-stacking, I would suggest, in the core of the GTA and going into Hamilton and that golden triangle. The only way you're going to handle more truck business is to start looking at approaches like that, which are hugely expensive, and not acceptable from a taxpayer point of view, both in terms of cost and the environmental footprint.

• (1140)

The Chair: Mr. Badawey.

Mr. Vance Badawey: Thank you, Madam Chair.

I'm going to focus on some of the comments that have already been made.

Specific to the cross-border partnership integration, Mr. Weakley, you mentioned that we have a very strong, robust economic cluster when it comes to both sides of the border, especially in the Great Lakes region, including Niagara-Hamilton, and of course, Ohio and even going as far as the eastern seaboard into Michigan, Indiana, and then back into Canada and the GTA and Montreal.

My first question is with respect to how we can strengthen that even more in terms of the dialogue we're going to have on a binational trade corridor as one corridor, not two or three different corridors.

The second question is to the Chamber of Marine Commerce. Mr. Burrows mentioned that we're at 50% capacity on the St. Lawrence Seaway. How can we fix that? How can we bring it up to 100%?

My third question is for Algoma. You mentioned that there are bottlenecks. I'd like to get some more comment on that. That's why we're here. The minister has been adamant that within the trade corridors funding as well as planning he wants to rid us of bottlenecks in all the gateways and trade corridors throughout the country. How can you folks all participate in doing that here in Niagara-Hamilton?

Lastly, to CN Rail, you mentioned the need to deal with issues of overcapacity. I know that in my little part of the world, we have overcapacity in one part of Port Robinson. That creates a lot of headaches for the residents, because the trains crossing the road can sometimes take up to an hour, which obviously holds up the crossing, but it also puts pressure on emergency services if they have to get into certain areas.

Ultimately, with all those questions asked, I'd like to take it one step further to the mindset you're going to be in when you answer those questions, which is to work and focus as one trade corridor entity, versus being in individual silos, on how you can participate and help resolve the overall challenges that the trade corridor presents.

Jim.

Mr. Jim Weakley: I'll go first and speak quickly, sir.

There are two aspects, and one is icebreaking. If you look at the 1980s, on the Great Lakes we had 19 icebreakers between the U.S. and Canadian governments. Currently we have 11. The U.S. has gone from 12 icebreakers down to nine. The Canadian government has gone from seven down to two.

Now, to the credit of both coast guards, they manage it as a single system. There are Americans working in Canadian waters and vice versa. The challenge is that there is simply not enough icebreaking capacity to go around. We had as many as 11 vessels stranded in Whitefish Bay in the winter of 2014. About 20% of the total cargo moves during the ice season, so to me that's the biggest bottleneck, and the biggest opportunity to increase capacity on the system is to increase icebreaking capabilities.

I talked also about integrating the two command centres. On the U.S. side there are three command centres. In Canada there's one: the regional operations centre in Montreal. To me it's a shame that they're not integrated as they are in Vancouver. In Vancouver, the Americans and the Canadians are looking at the same screen. There are three primary reasons for this: safety, security and efficiency. Efficiency smooths the cargo moving back and forth because the Canadians and the Americans are looking at the same picture. In terms of security, it's an operational backup, and then for safety, again, it's the common operating picture. In order for efficient decisions to be made, the Americans and the Canadians have to have the same data.

Mr. Bruce Burrows: Thank you.

You're asking about capacity, better utilization given that we have a big chunk of capacity available. Let me answer that a few ways.

Jim already eloquently spoke to the icebreaking need. He's right on message there. That's a big issue. Both fleets on both sides of the border are old. There's almost no redundancy and backup available anymore. Whenever one ship goes down, which is very frequently, the bad order ratio, to use a rail term, is huge with our icebreaking fleet.

Piloting, here's a great opportunity. I would encourage all of you in fact to contact Minister Garneau and give him the simple message that modernization and reform is well overdue in terms of being needed. Let's move forward and get some legislation into the House

this fall or next spring to reform the Pilotage Act. We need a very safe and efficient pilotage system with a harmonized approach and regulatory approach across the border—that's very much what Marc Grégoire's report was about—significant reforms to governance, and most importantly, a key recommendation for labour model flexibility, because costs have really not only inflated at a tremendous rate, but the cost levels are really non-competitive. We've looked at various incremental moves on the grain side and you look at the emerging cruise industry and it's just such a big hit from a cost perspective.

• (1145)

The Chair: Mr. Burrows, I have to interrupt you. Perhaps you can get your comments in somehow at another opportunity.

Mr. Bruce Burrows: Those are my main points.

The Chair: Mr. Aubin.

[Translation]

Mr. Robert Aubin: Thank you, Madam Chair.

I'd like to thank each of you for being here this morning.

I'll start with Mr. Ruhl.

You said you had a solution to solve the bottlenecks. A witness who comes forward with a solution deserves to be heard. I would like to hear what you have to say about that. First, I would like you to give me an example of how a bottleneck can occur. Then you can tell me about your solution.

[English]

Mr. Gregg Ruhl: I'll use two examples. One would be gasoline products. We have a fleet of six product tankers that are trading around the Great Lakes and St. Lawrence Seaway. We trade 12 months of the year. We never stop. We trade certainly into the seaway through the Welland Canal into the GTA area during the season. After the Welland Canal and St. Lawrence Seaway close, we trade gasoline from Sarnia into Green Bay, into Michigan and Wisconsin. We move petroleum products on the Great Lakes, both heavy and light, 12 months of the year.

One of the biggest bottlenecks is the Welland Canal. This is for domestic use. The GTA of course is the largest economy in Canada, and here it is on the other side of the Welland Canal. If the Welland Canal were to remain open just a few more weeks, there would be hundreds and hundreds fewer trucks on the road.

The second commodity is salt. Last year we actually had our ships also operating year-round out of Goderich delivering salt, mostly to U.S. communities that needed it. It was a harsh winter. We actually were laid up and boats were put away as there wasn't enough salt because it was being trucked across Ontario from Goderich into the Toronto area. That's a route we can make by water. The Soo Locks stay open until January 15.

[Translation]

Mr. Robert Aubin: Before I run out of time, I'd like you to tell me about your solution.

[English]

Mr. Gregg Ruhl: Briefly, we need to keep the Welland Canal open longer.

[Translation]

Mr. Robert Aubin: Okay. How can this be done?

[English]

Mr. Gregg Ruhl: A couple weeks longer would make a huge difference in terms of the number of trucks that would come off the highway. Obviously, all season would be wonderful. There would have to be some significant investment, but not a lot, to keep it open two or three weeks longer. It's a bit of a wasted resource in that December-January time frame.

[Translation]

Mr. Robert Aubin: Thank you.

I have a quick question for Mr. Burrows and Mr. Weakley.

You both mentioned our problem with icebreakers. I have already discussed this with the Trois-Rivières Port Authority. This is a problem that everyone knows about, but that we kept behind closed doors, for fear of losing contracts with customers who would have concerns about the navigation capacity for the products.

Have you been able to see that customers have not signed contracts or have backed down because of this lack of icebreakers, a problem we have had for a long time? Are contracts being lost because of this?

Mr. Bruce Burrows: I will answer in English, if I may.

[English]

Perhaps Mr. Ruhl could better answer the question in terms of whether we have lost business per se. Certainly this spring was a great example, where we were so slow getting going because of heavy ice and not having the capability of icebreaking to keep those lanes open. I'm sure at the margin there was a loss of business, but I can't be very specific about that.

• (1150)

Mr. Robert Aubin: Mr. Weakley.

Mr. Jim Weakley: We've lost business to roads, to trucks, and we still have not recovered from the cargo that we lost earlier this year. We've clearly lost tonnage. We're ahead on a monthly basis, but we're behind on an annual basis. Clearly, the lack of icebreaking in 2014-15, we calculated, on just the U.S. side, cost the economy \$200 million. That was \$200 million that was lost because we couldn't move cargo.

Keep in mind that normally the icebreaking season is from December 16 to April 15. It has gone on as long as May 18. We've been breaking ice as late as May 18 in the Great Lakes.

[Translation]

Mr. Robert Aubin: Thank you.

[English]

The Chair: You have 30 seconds.

Mr. Robert Aubin: I'll take it in my second round.

The Chair: Mr. Hardie.

Mr. Ken Hardie: Thank you, everybody, for being here.

Mr. Weakley, you mentioned regulatory gaps: regulation and policies that aren't well aligned between the two countries. Given the amount of trade that goes back and forth between Canada and the U.S. and the number of times things cross the border in the process of being either shipped or made, I'm concerned.

I don't want to lead you into dangerous political territory here, but we certainly see in environmental regulations, for instance, that there seems to be a divergence between the two countries in terms of where regulations are going in the States versus where they are in Canada. Do you see that and other gaps opening up or do you see a reasonable effort to harmonize things right now?

Mr. Jim Weakley: I see both. You can look at examples. The RCC has done a good job of trying to harmonize. Two examples they give are Cheerios—they can sell Cheerios on both sides of the border—and, from our perspective, life jackets. It was a Herculean act to align those regulations to sell those two products.

Where I'm most concerned is in the area of ballast water, where the Americans are not a signatory to the IMO and the Canadians are a signatory. There are some within Transport Canada who are taking an overly aggressive approach to ballast water and trying to regulate domestic American transits via a transit standard. Imagine the American government trying to regulate a shipment between Thunder Bay and Sarnia and how outraged the Canadian people would rightfully be, as they were when the State of New York tried to do that. We're on the receiving end of that. There's a good example of a divergence for no good reason.

Notice that I used the word "harmonization", not "synchronization". They can interoperate and still be different. I think that's the goal.

Mr. Ken Hardie: All right. Of course, the water knows no boundary. It just flows back and forth, as you know.

Mr. Jim Weakley: Yes, sir.

Mr. Ken Hardie: Mr. Burrows, speak about the state of infrastructure, then, on the whole Great Lakes-St. Lawrence system.

Mr. Bruce Burrows: Sure. Let me first say from an infrastructure perspective that our shipowners invest over \$2 billion in ship assets. That's a mobile piece of infrastructure—

Mr. Ken Hardie: I'm more interested in what the ships use to get from one point to another.

Mr. Bruce Burrows: Right, and I think we also very much need to secure marine's fair share of infrastructure investment on the ground end. We talk a lot about port infrastructure. The seaway I think is in pretty good shape, to be honest. They've done a great job. They've just brought in hands-free mooring, for example, so they're fully modernized now in central control and so on.

I think the focus of investment is probably more on the port side to ensure our ports really come up to that modern standard of being an integrated, value-added multimodal hub. That would probably include some investments in egress and ingress. I don't have specific numbers looking at that now.

Mr. Ken Hardie: What about the MCTS system, the Coast Guard communications system?

Mr. Bruce Burrows: That's a good question. I don't have a view on that. If some money is needed to accomplish what Jim was talking about, that probably would be helpful. In terms of numbers of dollars, I haven't got a figure for you. We can get back to you on that.

Mr. Ken Hardie: Mr. Ruhl, with respect to short-sea shipping—try saying that seven times quickly—what are the kinds of conditions that exist which make that really work? In other words, what should we be looking for? I have my west coast hat on here. What kinds of conditions exist that make short-sea shipping work very well?

• (1155)

Mr. Gregg Ruhl: Typically, it doesn't cross an ocean. It requires a different kind of asset that can be optimized and used on shorter trips many times over and over. It becomes almost like a conveyor belt or a pipeline, but floating on the water, which is less expensive to operate and is safer.

Mr. Ken Hardie: Fair enough.

Finally, for you, Mr. Fuller, as I work my way down the line here, it's interesting to hear your story about the new Milton facility. I gather that the location was probably chosen far enough away from built-up areas in the hopes that built-up areas don't chase you down.

Mr. Andrew Fuller: Yes, that is correct. In fact, we purchased the land well over 10 years ago in advance of any movement and building in the community. Actually, we're very close to a number of distribution centres, such as Lowe's, Whirlpool, and many other retailers and manufacturers that are very near within Milton as well.

Mr. Ken Hardie: Has the—

The Chair: Your time is up.

Go ahead, Mr. Iacono.

[Translation]

Mr. Angelo Iacono: Thank you, Madam Chair.

Gentlemen, thank you for being here this morning.

My first question is for Mr. Fuller.

The Port of Montreal has a particular approach to the rail network. Indeed, its competitiveness and performance are linked to the Montreal model, which emphasizes a certain independence between the port and railway companies, including CN. Moreover, the funding provided by the federal government is aimed at improving intermodality to meet increased demand.

I have three questions for you.

Is the CN network able to handle the increase in rail freight traffic?

What are the main obstacles that can hinder the flow of trade by rail?

What steps is CN taking to address these issues?

[English]

Mr. Andrew Fuller: That's a very good question. Thank you.

First, yes, we would absolutely like to grow with the Port of Montreal as we have grown with that port already and with many other ports in Canada and the United States.

In terms of what needs to be done or what could be the impediment to growth, the first part is how fast and how quickly the growth comes on. If there's good planning in advance and strong dialogue between the ports, customers and carriers, such as CN, I have no issues with it. If the traffic comes on too quickly, then we can't respond fast enough because there are a lot of things that have to be done to prepare for growth, such as new roadways, purchasing new cars, purchasing new trains, etc. With enough advance notice and dialogue in between, it absolutely can be accommodated and we look forward to it.

I'll just highlight again one aspect that's been brought up in terms of silos. The number one thing for supply chain improvement in Canada is that you cannot optimize the supply chain independent of each other. It has to be a shared and committed culture that you're going to look at, have shared measures, and try to improve the entire supply chain, so we can have the best supply chain in the world.

Mr. Angelo Iacono: When you refer to traffic coming too rapidly, what do you mean exactly? What action do you take when it happens?

Mr. Andrew Fuller: If there are surprises and shocks to the system, it's hard to react and get the assets, people and resources in place. It takes over nine months to train one conductor and much longer for an engineer, so there's just that. We're training and hiring close to 2,000 conductors and engineers this year alone, so it just takes time, if there's a shock to the system.

[Translation]

Mr. Angelo Iacono: My next question is for Mr. Burrows.

Are the costs of maritime transport higher than those of other modes of transport? If so, how is this difference explained?

Moreover, what impact can high costs have on economic activity and economic spinoffs in a region?

• (1200)

[English]

Mr. Bruce Burrows: Those are two great questions.

I would say, in fact, that our costs are lower. Don't forget that a single vessel carries 30,000 tonnes, or up to 30,000 tonnes, so the efficiencies that are driven from that are huge. That translates right down to prices that people like Mr. Ruhl and others charge their customers.

To the second question, on impact, the study that I've left with you is all about that. What is the impact? I talked about the general Canadian numbers, but if you were to look at Ontario, for example, there will be probably about 80,000 or more.... Rather, in Quebec, from your perspective, there would be 80,000 or more jobs at stake there from a marine perspective. You'd be looking at probably a good \$16 billion in economic activity in terms of impact, direct and indirect.

The Chair: Okay.

We'll go to Mr. Liepert.

Mr. Ron Liepert: Mr. Burrows, you made a comment earlier which I want to follow up on, but I want to preface it with a couple of brief comments.

Both Mr. Jeneroux and I represent Alberta ridings. It's no secret that natural gas prices have been extremely compressed over the last few years to the point that natural gas producers are basically capping in any new discoveries of gas.

We also know that if we as a society are serious about controlling emissions, the largest percentage of emissions come from the tailpipe. Conversion to natural gas could make a huge difference.

I heard a comment, I believe by Mr. Burrows, about ships moving to alternate fuel sources. Are there opportunities for natural gas? Do any of you in the shipping business have advice for governments, probably on both sides of the border, as to what we could do relative to controlling emissions, especially from truck traffic? I know in the U.S., Mr. Weakley, it's huge.

I'd just like to hear a few general thoughts and comments relative to emission controls, whether natural gas could play a role in that going forward, either on water or on land, and I guess even on rail, as far as Mr. Fuller is concerned.

Mr. Bruce Burrows: It's an excellent question.

The short answer is yes. Keep in mind that, despite the context that 25% of the problem of greenhouse gas emissions lies with transport, and a majority of that by far is from roads from either personal auto use or trucks, maybe 2% to 3% is marine. Therefore, we are part of that solution, if you can switch into the marine mode.

Having said that, we are still contributors, so we're doing our damndest to reduce emissions. LNG would be part of the solution. We just christened a couple of vessels this year that are polar class dual fuel. That can reduce emissions on the sulphur side by over 99%, I think, potentially, and also there's a good 20% reduction in carbon emissions. That would be part of the solution for carbon as well. Other particulate matter reductions are significant, over 30% on particulate matter.

Mr. Ron Liepert: I'm going to get you to stop there. I'd like to hear a few other comments from the table, and I only have three minutes.

Mr. Jim Weakley: I could tell you from the U.S. perspective that one of my member companies did enter a joint venture with an LNG provider, and for whatever reason, the LNG provider pulled out. They were well ahead of the curve. They were going to use LNG on the Great Lakes as a fuel source, and the fuel source—

Mr. Ron Liepert: It's probably because they were getting more money by shipping it offshore.

Mr. Jim Weakley: I believe that provider pulled out of all of their LNG fuel bases, so I don't think that could have been the case.

I will tell you, in the Puerto Rico trade between the U.S. and Puerto Rico, there are LNG vessels as well. As Mr. Burrows has said, we're doing the same.

Mr. Gregg Ruhl: The challenge is typically the infrastructure. In short-sea shipping you go to a lot of different local ports. Sometimes you pull in; you can't even get to the edge. You have to take a rowboat to shore to tie up your lines. It's a little trickier to get LNG

available in all the places you would need it to make the complex kind of routes we make on the Great Lakes.

It works great with a ferry, back and forth, point to point.

•(1205)

Mr. Andrew Fuller: I would add that distribution is the main issue I've heard in the marketplace, both from a trucking perspective as well as on the rail side. To use LNG requires more storage, fuel tenders, to work on the rail side, and so the distribution and the availability of it would be the issue.

Mr. Ron Liepert: This is more for government than for you. You'd have to balance that with the enormous subsidies we've spent over the last number of years on solar, wind and all the other things. That's to say if we were investing that in the infrastructure you're talking about, we might be far better off controlling emissions than all these boondoggles that have happened on the other side.

I don't expect you to comment on that.

Mr. Jim Weakley: I would tend to agree.

Mr. Gregg Ruhl: I have a quick comment.

The new, large ships we have could be converted to LNG. It's the technology on the ship in terms of the infrastructure. It's a bit more expensive at start up but all the technology is there.

Mr. Bruce Burrows: Mr. Liepert, you're from Alberta but that would be a great speech here in Ontario too.

Mr. Ron Liepert: That's whom I was speaking to.

The Chair: Mr. Aubin.

[Translation]

Mr. Robert Aubin: Thank you, Madam Chair.

My first question is for you, Mr. Fuller. You may see it as a little peripheral to the subject we are dealing with this morning, but I see a direct link. In fact, the transportation sector is where the success of the fight against greenhouse gases can be seen quickly.

A whole new population would like to travel from one large centre to another, using the Quebec City-Windsor corridor, for example. Is it conceivable that both your industry and passenger transportation can grow significantly and still use the same railway lines? If not, do we have to think about designing two systems, one for freight and one for passengers?

[English]

Mr. Andrew Fuller: Sorry, but I'll answer in English.

I'm certainly not an expert on the passenger system. As was mentioned by Mr. Burrows earlier, absolutely, rail is a highly efficient form of transportation, whether it's freight or passenger. We are one of the best in efficiency, right behind vessel. CN has reduced and improved our fuel efficiency by over 37% since 1996. We're the industry leader in fuel efficiency. We consume 15% less fuel than the industry average.

From the passenger point of view, we share the tracks already. Passenger VIA Rail does run on both CN and CP tracks. I can't get into should there be another track. That's a debate beyond my knowledge.

[Translation]

Mr. Robert Aubin: Thank you.

My next question goes to Mr. Ruhl.

In your opening statement, you talked about optimizing and replacing your ships. I need a 101 course, rookie that I am. I was under the impression that the lakers sailing the Great Lakes were already as big as they can get, considering the dimensions of the locks. What is new, apart from the fuel economy? I imagine you cannot go a lot faster either, because there is a speed limit on the Great Lakes.

Where do you gain in efficiency? Is there more capacity?

[English]

Mr. Gregg Ruhl: The old lakers were typically 730 feet long. The new ones are 740 feet long. They still fit in the lock system.

The hull designs were optimized for fuel efficiency, pushing through the water with less energy. Also they are faster, not maybe in the canal, but when you're in Lake Ontario, Lake Superior or Lake Erie you can go faster so we go a bit faster and obviously we use fewer greenhouse gases. Our emissions are almost zero. We have scrubbers in all our new ships so we're scrubbing out all the sulphur emissions.

• (1210)

[Translation]

Mr. Robert Aubin: When you go faster with these new ships, do they cause waves, whether bigger or smaller, that could erode the banks?

Mr. Gregg Ruhl: No.

Mr. Robert Aubin: Thank you.

[English]

The Chair: Thank you very much.

We have two or three minutes left. Does anyone have any outstanding questions that aren't too long and which they'd like an answer to?

Mr. Jeneroux.

Mr. Matt Jeneroux: I have a follow-up question for Mr. Ruhl.

You gave the answer during my colleague Mr. Aubin's first round of questioning that we need to keep the Welland Canal open longer. Forgive me for not knowing all the reasons, but is the main reason icebreakers or are there other reasons why we don't do that?

Mr. Gregg Ruhl: I think we've been a bit conservative here in Canada. In other words, if we can't guarantee that every year it will be efficient, with no ice, and clear, then we close it between Christmas and New Year's just to be safe. We don't need that, though. Our business is full of uncertainty. We have to stop and anchor for a storm coming. We're used to trading all winter long in the ice.

As long as what we're seeing is four out of five years of open water, and the Welland Canal for at least another month, I think we're letting that be an untapped resource. Knowing that one time out of the year we'll probably not be able to go that full length of time just because the infrastructure will be tough with heavy ice, we can just switch to trucks earlier that year. But four out of five years we could take a lot of trucks off the road.

Mr. Matt Jeneroux: Who closes it, then?

Mr. Gregg Ruhl: It's the St. Lawrence Seaway rules, or the operator of the seaway. Certainly we're in discussions with them. They've been open to determining how much cargo we'll move. In my experience, certainly on the U.S. side with the locks there, we need to do it fairly quickly and take advantage. It's low-hanging fruit. Compared with the other discussions about keeping the seaway open year-round, where you'd have to spend hundreds of billions of dollars, it's there. You can use it. Let's use it when we can.

The Chair: Mr. Badawey.

Mr. Vance Badawey: Thank you, Madam Chair.

Mr. Fuller, it was very refreshing to hear you make a comment about dialogue. If I'm quoting you correctly, you said that a "shared and committed culture" is needed to really strengthen the overall trade corridor.

My question is twofold. One, is that happening? I guess that would be somewhat of a rhetorical question. Two, to that end, how do we make it happen more?

Mr. Andrew Fuller: The second part is the harder part.

Yes, it is happening. It could happen in more places. A good example is that we have shared measures we can look at every day in every one of our ports that we operate with—out in Vancouver, and in Prince Rupert—and we both have shared measures for when an import comes in or export goes out. How long does it sit on the dock?

Mr. Vance Badawey: Let me stop you there, Mr. Fuller, because we're under a time limit here.

It's happening in the Asia-Pacific. I get that. Ken reminds me about that daily. I'm talking about in this area, in the St. Lawrence Seaway-Welland Canal area. Is there consistent communication between you and Mr. Ruhl and his organization, between you and the St. Lawrence Seaway Management Corporation, and, to go even a step further on the binational effort, between you and Mr. Weakley?

Mr. Andrew Fuller: We do have conversations. I don't think they're as well defined, as I mentioned, as daily shared measures. That's what drives all organizations, right?

Mr. Vance Badawey: How do we do that?

Mr. Andrew Fuller: It's a matter of bringing it forward that we'll work together. It's very simple. It comes down to what your shared goals and shared measures are on a daily basis.

Mr. Vance Badawey: Do you think it would be advantageous if someone took the lead and facilitated that very discussion to actually put forward for this region a trade corridor strategy, simply because of the strength that we have to contribute to the overall global performance as it relates to the movement of trade, and therefore the economy, and really solidify a trade corridor strategy so that the communication, integration and funding needs can be satisfied?

Mr. Andrew Fuller: It totally makes sense, from my point of view. I'd welcome everyone else's opinion on that as well.

Mr. Vance Badawey: Jim?

The Chair: I'm sorry, Mr. Badawey, we've run out of time now. I think we would all agree, though, that it would be great if we could talk about that tonight in the round table discussion and have it thought through a bit more.

Thank you all very much. That was a very interesting panel. We look forward to seeing you later.

We'll suspend for a moment while we change panels.

• _____ (Pause) _____

•

• (1220)

The Chair: Would our next presenters please come to the table.

I hope that you were able to solve those problems while you were all in discussion. Vance, were you able to solve some of those problems?

Mr. Vance Badawey: Yes.

The Chair: All right.

From the City of Port Colborne, we have Scott Luey, chief administrative officer; and from Niagara Region, we have Jayesh Menon, coordinator, foreign trade zone.

Do we have anyone from the Tourism Partnership of Niagara? He's not here. Okay, maybe he'll be here later.

Gentlemen, welcome and thank you very much for taking the time to come and speak to us today.

Mr. Luey, would you like to go first?

Mr. Scott Luey (Chief Administrative Officer, City of Port Colborne): Sure. I've prepared a few remarks.

Hello, thank you for providing me the opportunity to speak to you this afternoon. I am the chief administrative officer of the City of Port Colborne. We are a small municipality of just over 18,000 people on the north shore of Lake Erie in the Niagara region.

The experience I'd like to share with you today is probably different from what you heard from others. The experience I'd like to share is that of trying to administer a small municipality in a competitive environment of trying to execute economic development initiatives, residential growth, and bringing industrial, commercial and residential prosperity to our community.

In Port Colborne, council and staff have made all the right moves. They have invested in infrastructure including water, waste water, recreation, roads and bridges. We have a beautiful new health and

wellness centre that includes two hockey rinks as well as a walking track, pool, gymnasiums and fitness centre. Past councils have created an industrial park that is virtually completely built out, and the city is preparing to bring more industrial lands on line.

But that's not all that the city has done. When rail service in our municipality was threatened, the city stepped in to take over the tracks and enter into a lease arrangement with a local operator. When the federal government was—

Am I going too fast? Sorry.

• (1225)

The Chair: The translators can't keep up.

Mr. Scott Luey: I get excited.

The Chair: But it's great. I love to hear the enthusiasm.

Mr. Scott Luey: Okay, I can go a bit slower.

We stepped into another area when the federal government was divesting itself of the local grain elevator on Lake Erie. The city stepped in to acquire it, and entered into a lease agreement with an operator in that case, too.

Sometimes it feels like we're going it alone down here. In the Niagara area and Port Colborne, in particular, upper levels of government have not kept pace with our efforts. Highway connectivity is woefully inadequate in Port Colborne, and the Welland Canal has been poorly administered from the perspective of maintaining the existing infrastructure and unlocking seaway-held lands to provide economic development opportunities in the city.

Port Colborne is connected to its neighbouring municipalities, Wainfleet, Welland and Fort Erie, by two-lane roads. The provincial Highway 406 terminates several kilometres north of the city. Access to the greater Toronto and Hamilton area is through the 406 and the Queen Elizabeth Way. This highway network is the subject of significant volumes of traffic, which is near gridlock during rush periods, and there is no redundancy in the form of alternate routes in the event of closures. For example, just this past Thursday, the Queen Elizabeth Way was closed in both directions for several hours due to an accident and downed power lines. The bottleneck is insurmountable for the flow of goods and people.

However, there is a solution. The previously planned mid-peninsula corridor would connect the Queen Elizabeth Way between Fort Erie and Niagara Falls, near the border with the United States, to Highways 403, 401 and 402 in western Ontario. It would also provide a redundant link to the greater Toronto and Hamilton area, mirroring the Queen Elizabeth Way. The project must proceed to connect Niagara, its industries and its border crossings to the national supply chain. I implore the federal government to join with the province in establishing this important connection for the benefit of the entire country.

On the issue of the seaway, one of the most important transportation and economic development assets in Niagara is the Welland Canal. The canal is administered by the St. Lawrence Seaway Management Corporation. Neglected maintenance and lack of capital improvements have had a direct impact on economic development in Port Colborne. In particular, south of Lock 8, near the mouth of the canal, are a series of wharves that have been undermined due to deteriorating conditions of the cribbing below the water surface. These wharves represent prime canal-side industrial land that could easily be leased and contribute to employment and industry in the city. Furthermore, near the same area, there are tie-up walls along the canal that have been allowed to fill in to depths that are too shallow to accommodate many types of vessels, including Great Lakes cruise ships that could bring tourists to the city's downtown core.

In addition to the lack of maintenance of the Welland Canal, there is also an economic development concern with a large amount of land that is owned by the seaway in Niagara in the form of a buffer along the canal. In the past, the seaway has been reluctant to encourage development on these industrial lands. There is currently a shortage of industrial land in Port Colborne and in Niagara as a whole, yet the municipalities in Niagara stand on the sidelines looking at the potential of the seaway's holdings unable to act to develop these as employment lands.

It is imperative for the prosperity of Port Colborne and the Niagara region that the seaway and the federal government make renewed investments in the Welland Canal infrastructure and undertake to partner with municipalities to unlock employment lands along the length of the Welland Canal. This investment will open up employment lands in Niagara and create multimodal transportation assets to form a trade corridor. This in turn will establish fluidity in the movement of goods, connecting the city and region to the national supply chain.

Once again, thank you for the opportunity to appear before you today.

The City of Port Colborne and the region of Niagara are ready to sit at the table to chart a path forward for our shared prosperity.

• (12:30)

The Chair: Thank you very much.

Mr. Menon.

Mr. Jayesh Menon (Coordinator, Foreign Trade Zone, Niagara Region): Thank you very much for inviting me as a witness to the Standing Committee on Transport, Infrastructure and Communities.

I'm Jayesh Menon, representative of the Niagara foreign trade zone located in Fort Erie. It is the first foreign trade zone established in Ontario.

Niagara is an international border crossing that includes a robust multimodal transportation network. As businesses around the globe grapple with ever-increasing challenges of moving goods and services between countries, decisions made daily that impact trade and transportation systems are vital. Also, this gives rise to the concept of foreign trade zones, which remains a viable, fundamental option for any organization to consider.

The Niagara foreign trade zone is a single point of access to information on export-related government policies and programs that can greatly improve a company's operating costs and overall competitiveness. The Niagara foreign trade zone point happens to be the first foreign trade zone point in Ontario. There are nine of us in the country. This point promotes the use of federal, provincial and regional programs that support export development. In Niagara, this partnership has been between Niagara Region and the Niagara Development Corridor Partnership, an incorporated consortium of the Niagara Falls, St. Catharines, Welland, Port Colborne, Fort Erie, and Lincoln economic development offices. I am the conduit, and we all work together as a co-operative team.

As foreign trade zone coordinator, I have a dual role. One, I help our companies learn about export-related trade incentives and opportunities; therefore, I work as expediter for them. Two, I facilitate foreign direct investment through inbound missions, connecting through foreign trade centres, and later, lead outbound missions for identified markets.

The main goal of a foreign trade zone point is to help businesses reduce administrative costs and burdens associated with international trade by facilitating access to various trade programs available to importers and exporters in Canada. Just to give you insight into what has happened in the past year and a half, we have a consolidated database of 400 companies across various sectors, manufacturing services, and so on. I personally have reached out to almost 150 companies, and we have, to date, 42 Niagara foreign trade zone clients we are serving.

Those services typically involve the companies going in for duty or tax exemption programs, or for parking their goods in a customs bonded warehouse, or it could be absolutely in terms of helping these companies into international markets. That's what we refer to as market development programs. They come in to understand the information that is available in terms of government incentives and programs.

I bring to you also a message from economic development director Domenic Ursini, on behalf of Niagara Region, which I want to read into the record. He has written:

[W]e would like to outline for you two key strategies that encompass the area of transportation. The first pertains to an east-west corridor that would run from the border in Fort Erie all the way to the Hamilton airport.

That is what we refer to as the mid-peninsula corridor. He continues:

This much needed transportation route would serve as the key travel for commercial vehicles moving goods amongst geographies including the export market. Furthermore, this would in turn alleviate the congestion currently in place for pedestrian traffic looking to travel to work and/or come to Niagara for its numerous tourism offerings and beauty. In order to achieve this much discussed vision, it will require the collaboration of both the province and federal government to assist in the moving forward of environmental assessment and capital commitments for construction. This will prove effective in creating further synergies amongst the Niagara and Hamilton economies along with export into the United States. It will also play a role in Niagara's efforts to explore an industrial hub of land between Fort Erie and Niagara Falls along the QEW corridor. We look forward to working with your committee on this very important initiative.

•(1235)

The second pertains to the establishment of a commercial port here in Niagara along the Welland Canal System. In working closely with our colleagues at the Hamilton Port Authority, it has become evident that the demand for this venue far exceeds the supply currently in place. In fact, Hamilton Port Authority is at over capacity. A Niagara port provides a strategic location for commerce activity given its logistical proximity to both GTHA and eastern United States. Within a one day's drive, Niagara is situated next to 2 Canadian provinces, nine U.S. states and approximately half of the entire American population. This port would serve as an economic engine within the Niagara market and also provide another strategic advantage to the prospective global and national companies looking to relocate for commerce. Finally, the port would also fit well with Niagara's Foreign Trade Zone and our commitment to fostering this into a fully functional free trade zone. Again, we look forward to working with the federal government to bring these very important economic initiatives to fruition.

Thank you.

The Chair: Thank you very much.

We go to Mr. Jeneroux.

Mr. Matt Jeneroux: Thank you both. I suspect you didn't have to travel far to be here, being from the region.

Mr. Luey, I pulled up Port Colborne on the map here, and it looks beautiful. There's even a street named Sugarloaf Street, which I think would be a tourist attraction itself.

I'm curious as to some of the comments you made about the seaway lands. Pardon my ignorance, but who owns the seaway lands now?

Mr. Scott Luey: Through the chair to the member, my understanding is that there are Transport Canada lands and seaway lands. They are owned, I guess, by the federal government, but they are part of what the seaway manages in the management of the corporation.

In my own words, the issue is that the seaway is very good at what it does. What it does is shipping. I have good working relationships with folks at the seaway, and there is a little better communication around the area of economic development and industrial lands. In fact, I'm working with someone at the seaway who is actively trying to market a piece of land, but up until now we haven't had very much success. I think one of the reasons is the incentive isn't there to put those lands to work, while seaway is, I think in my own words, concerned with moving traffic through the canal, which should be their number one priority.

Mr. Matt Jeneroux: When you say "seaway", who is that?

Mr. Scott Luey: I have discussions with the St. Lawrence Seaway staff.

Mr. Matt Jeneroux: The guys who were before us, St. Lawrence Seaway Management Corporation.

Mr. Scott Luey: Yes.

Mr. Matt Jeneroux: Looking on the map, it looks like it's a terrific piece of property, if you will, to pursue development.

Is your hurdle with the St. Lawrence Seaway Management Corporation or with Transport Canada in getting some economic development opportunities?

Mr. Scott Luey: Through the chair, that's a good question.

I think there are two components to it. One component is the seaway itself in terms of marketing the land. I think the second component is funding. There are lands—and in fact the lands I refer to are the wharves or docks along the canal—where we just don't have the stability to put industry on that property because it needs to be refurbished or maintained. The physical strength, engineering-wise, isn't there.

I understand that the land has sort of fallen into a grey area where there is no funding. I don't know how the seaway's budget works. They don't have the funding to go in and fix that on spec in order to attract a business. It doesn't really qualify for municipal infrastructure grants, because we are not the owners of the land, so it's in this no man's land of infrastructure funding when both the seaway and the city would love to see some kind of program or federal infrastructure dollars to help us eventually shore up that land and attract investment partners to our city.

•(1240)

Mr. Matt Jeneroux: Has the City of Port Colborne had those discussions with the federal government, with Transport Canada, or with any officials at the federal level?

Mr. Scott Luey: At this point, we haven't. We would like to work through our local MP, who happens to be a committee member, to have those discussions. The prevailing reason that we haven't is that we are not the owner of the land. So far, we can't make an application, but we've lobbied on behalf of the seaway in attracting the funding.

Mr. Matt Jeneroux: I'm sensing there are three players here—yourselves, the seaway and the federal government. It doesn't appear that anybody is really talking in terms of moving this forward. Have you had conversations with the seaway in terms of progress?

Mr. Scott Luey: It's been a very informal conversation up until now. The seaway has taken the position that they would be more than willing to make the investment, if they had secured a long-term lessee, which makes sense to me from a business perspective, but we've had a lot—

Mr. Matt Jeneroux: Who would that be? Would that be a development company? What are you envisioning in terms of the economic development opportunities?

Mr. Scott Luey: It would be some kind of an industrial operator that relies on the seaway for shipping. This is prime canal-side industrial real estate, where somebody who is in the business of moving product through the canal and the upper and lower lakes would come in and set up shop. The seaway has taken the position that once that investor or eventual lessee is there, they'll make the investment.

We know that we have had and lost investors because they are not willing to wait for the construction to actually take place. We almost have a "chicken and egg" problem or "if you build it, they will come", so to speak.

The Chair: Thank you very much.

Mr. Badawey.

Mr. Vance Badawey: Thank you, gentlemen, for being here this morning.

I want to take it up from where Matt left off, with respect to future direction.

I was the mayor of the City of Port Colborne for 14 years, and I know there were a lot of strategic plans we had put together that identified objectives. What we stumbled on was trying to attach actions to them because other partners—I won't mention any names because there were numerous partners—had different plans.

That said, I do want to ask you both about how important it is—in a sense, it seems to be the theme of this morning—for all partners to sit down together to put a strategic plan together for the trade corridor. Let's face it: The trade corridor is very robust. It's very strong—canal, road, rail, location and the list goes on. However, it does need some attention. It does need some work on the capital side, but also from the operational side, as it relates to integrating our logistics and distribution systems.

With that strategic plan in place and further objectives identified and actions being attached, funding included, what efforts or what directions do you think would be advantageous in whom to work with to create that environment? I think an earlier witness called it a "shared and committed culture" that can be taken upon itself.

Mr. Jayesh Menon: From my perspective, as far as the foreign trade zone is concerned, it is vital that any companies that house themselves within the Niagara region look for a couple of things to be in place. One is the best format for moving the goods, in terms of the logistics concerned.

We do understand, as of now, within the Niagara region, that 80% to 85% of the goods are dependent on the United States market. But, at the same time, when we also look at markets beyond, that's where we need to look at a long-term strategy or a medium-term strategy.

From this perspective, it's vital that we have what I mentioned with regard to the mid-peninsula corridor, which means it's an exclusive transportation link right from Hamilton onwards. You enter the Welland Canal, pass by Niagara Falls and Fort Erie and get connected to Buffalo. This is part of an important agenda.

Beyond that, if I look at companies that look forward to having their investment within the Niagara region, this is one of the key challenges the region faces. First and foremost, there is no industrial land. If they are looking for a typical kind of greenfield project, they definitely find it a challenge in terms of scouting. It's fine that we do have a great site selection team, etc. Perhaps they can try to figure out what it means for that data bank to help them identify it, but we are still in the dark on that matter.

It is vital that we identify the particular possibilities for identifying industrial land, because if you have a common transport road that is dedicated to that.... I will just cite an instance. Perhaps you are familiar with the United Arab Emirates in the Middle East. They were just an oasis and desert 25 years ago. All they could link up was east with west, with the UAE becoming a strategic corridor. Today, Dubai has become one of the most recognized and busiest cities as far as its transportation hub is concerned. All they did was to create a transportation-dedicated link, which is called Emirates Transport. That has enabled several industrial clusters to flourish.

One of my points when I am speaking to you is to ask if there can be a kind of collaborative support. We should all sit down together

and identify what the key areas are and what synergies we can leverage.

• (1245)

Mr. Vance Badawey: Mr. Lucy.

Mr. Scott Luey: The question about communication is really important, and we all need to have a seat at the table. I understand that the province is responsible for provincial highways in Ontario. When you look at Niagara as a whole, when you look at it on a map, as the member described, or you look at it on paper, it looks like the perfect storm of opportunity with road, rail, short-sea and lake shipping and the international border crossings, but we sometimes feel a little bit of neglect because we see the 407 extended into Durham County. We see the rapid growth in York region. That just hasn't materialized in Niagara and there is no reason that it shouldn't have. The mid-peninsula corridor, or the east-west route—it's known by several names—is one of the key infrastructure pieces. I think the federal role is in leading that discussion and making it a national transportation issue more so than a provincial highway issue.

The Chair: Thank you very much.

Monsieur Aubin.

[Translation]

Mr. Robert Aubin: Thank you, Madam Chair.

If there was ever a time when I regretted not living in this region, it is now, because I have rarely heard witnesses present so many proposals in so short a time. If someone could put them in order, it would help me a lot.

Mr. Lucy, you told us about the wharves deteriorating, the lack of maintenance on the Welland Canal, and the lack of industrial land. Those are concepts that are quite easily understood, but if you had to put them in priority order, where would you start?

[English]

Mr. Scott Luey: Through the chair, I think the number one priority for Niagara is the highway connectivity of the mid-peninsula corridor. That's what is going to get our products and people into the national supply chain.

The second priority to me would be unlocking economic development lands. There is absolutely an industrial land shortage in Niagara, and in Port Colborne in particular.

The third priority would be remediation of seaway assets, that is, opening up the docks and wharves and canal walls to industrial users and allowing us to bring more employment lands on stream.

[Translation]

Mr. Robert Aubin: In that search for industrial land, is there also any collaboration with the provincial government to see whether it might have a solution for land use?

[English]

Mr. Jayesh Menon: The day before yesterday I had a chat with the Fort Erie and Niagara Falls EDOs. They said to me that they are looking forward to unlocking almost 2,000 acres, that is, 800 acres within Niagara Falls and 1,200 acres in Fort Erie.

When we say there's a joint collaboration with provincial support and federal blessing, this is a great thing. We need to understand that all of us together as EDOs and respective regulatory agencies, when we come together in a platform like this, perhaps a priority agenda could be set, and work that's already in place that requires federal blessing can take off with provincial support.

These lands are already available in place.

• (1250)

[Translation]

Mr. Robert Aubin: I will continue with you, Mr. Menon.

In your opening remarks, you talked about a port, maybe even several ports, that must be established along the Welland Canal.

Let us just start with one port. Where would it be located? Have anyone assessed the scope of that project in any way, and the steps needed to make it a reality?

[English]

Mr. Jayesh Menon: That's a very good question.

I am a single contact point, which means I can connect you with the right reviews. Vance perhaps is listening to this too. Already you need to reach out with our reviews of some of the strategic locations. I can support you in the specific, most complete strategic locations. I don't have that mandate to name them right now.

[Translation]

Mr. Robert Aubin: In that work you are doing as an intermediary between the local entrepreneurs who want to export and the people from the outside who want to come and do business in Canada, what is the biggest problem you face in the region?

[English]

Mr. Jayesh Menon: That's a very good question. It's typical. Time and again I meet up with various investors from francophone countries, etc.

What is important is that as of now the region is undermarketed. There is a lot of potential. It's not about the marketing within cities in Ontario. I will cite one example.

Recently, there was a groundbreaking ceremony for a company that is into indoor farming.

All they wanted to know was whether there was a greater opportunity, by having a presence within Niagara, to connect them so they can get into the United States. Beyond that, could companies look forward to any specific incentives to building up their incubation phase, beyond the help on the operational side, and at some point enable them to have market development opportunities?

It is not the marketing specifically of Niagara because we did identify its challenges, but as of now the region is still undermarketed. If you brand it well, this region offers a great opportunity for international companies to build housing. Not only that, if we can create specific clusters.... When I say clusters, in medical clusters there are companies that are opening up their opportunities for medical formulations, or having cancer care smart centres where you will have technology transfer from the international world coming

into the region with investments, incubation, and partnering with the local companies.

The Chair: Thank you all very much.

Mr. Hardie:

Mr. Ken Hardie: Thank you, Madam Chair.

Mr. Luey, does the presence of the Welland Canal and the operations of the seaway impose costs on your municipality? Let's broaden that. Let's not just think of financial costs. Let's look at social costs, livability issues, etc.

Mr. Scott Luey: Sure.

Through the chair, there are costs.

It's interesting that you also mentioned the social costs. The canal virtually bisects our community, almost on a one-third, two-third basis of the urban portion. We have a very large rural portion on the east side of the canal. That's the opposite side of where the downtown and the city hall are.

We have three bridges that cross the canal, and there's always, except for routine maintenance, at least one bridge in service. Most of the time it's three, but when a bridge is up to allow a freighter to go through, there's always a way to cross the canal. That's important for us.

However, it does impact how we deliver services to the city and to the residents. Fire trucks, waste management, which is done by the region, and municipal transit are sometimes affected by canal crossings. There is a portion of the city that is a little more marginalized—a few more signs of poverty, homelessness, and social issues—that is located on the east side of the canal, while most of the community services are on the west side.

I think there is a bit of a social cost to the municipality. Libraries, stores, even retail financial services and so on, are primarily provided on the west side of the canal, and these residents live on the east side.

• (1255)

Mr. Ken Hardie: Do you get tax revenue from the seaway organization?

Mr. Scott Luey: Through the chair, I believe we do, through payments in lieu of taxation. It's basically a federal transfer in lieu of tax.

Mr. Ken Hardie: Okay, fair enough.

Mr. Menon, is the focus of your activities mainly on trade with the United States?

Mr. Jayesh Menon: No, but it includes the United States. It means that I enable local companies to develop their exports internationally.

We have 160 countries where we have our trade commissioner services. What is vital for Niagara is that if there are specific inbound missions that are happening, I reach out to the agencies and enable our companies to have that B2B contact so they can leverage into foreign markets beyond the United States.

Mr. Ken Hardie: To what degree do you have facilities available locally to load and offload from ships?

Mr. Jayesh Menon: That's a good question, on which I'll have to get back to you. I don't have an answer to that now.

Mr. Ken Hardie: Okay, fair enough.

It's been mentioned a few times, and Vance has mentioned it as well, the new roadway that's being called for.

Has the region done a kind of origin and destination study for truck movements?

Mr. Jayesh Menon: This I will also have to get back to you on.

The director of economic development told me to pass on this message. I'll get back to you with the answer on that.

Mr. Ken Hardie: Obviously, it's something that's very useful. As areas grow, you quite often get a disconnect, say, between an intermodal port and warehousing, that sort of thing. When you talk about building a new road, obviously the new road would be filled with trucks and maybe commuter traffic.

Looking at the fundamental efficiencies between one mode and the other, I wonder if you've thought more about a rail link as opposed to a highway link.

Mr. Jayesh Menon: That's a good point. The rail link is equally important.

Now it's more focusing into the United States, and that's the reason the transportation.... I would refer to specific statistics. One in six trucks that cross between Canada and the U.S. passes through Niagara. That means one million trucks each year. Any condition on that definitely impacts our exporters. That is number one. I did hear about one of the sessions that did mention that. This condition also impacts on the duty that has been collected at times. When it's inbound that happens and there is a duty factor, if you have smooth traffic in place, you'll have a better collection of tax, and that assures economic prosperity.

Number two, we are talking about a \$5.7 trillion U.S. market that we are addressing for any of our foreign direct investors. This is another pitch where we are talking about 130 billion people.

Mr. Ken Hardie: When we talk about—

The Chair: I'm sorry, Mr. Hardie, but we'll have to move on.

Mr. Iacono.

[Translation]

Mr. Angelo Iacono: Thank you, Madam Chair.

My thanks to the witnesses for joining us today.

Here is my first question.

The local phrase to describe Port Colborne is

[English]

"where business and lifestyle are a perfect match".

[Translation]

Given its location, I imagine that the town developed around Lake Erie, and continues to do so.

Can you tell us about the economic impact that the proximity to Lake Erie represents?

[English]

Mr. Scott Luey: Sure. We have a good mix of lakefront residential and canal waterfront commercial and industrial features. We have waterfront on both sides of the municipality, through the middle via the canal, and around Lake Ontario, and because of that, we've seen a huge increase in residential housing demand, particularly for lakefront, but even for some of the cottage and seasonal residential that takes place there.

What we see in the downtown core is a commercial walkable community, a boutique-style downtown area where some of the retail focuses on the waterfront aspect. There are definitely a lot of nautical themes in our municipality, going all the way back to our city hall, where we have nautical themes in our council chambers and in the way we've decorated city hall.

I think the natural features have been incorporated into the municipality. We also have one of the largest municipal marinas in all of Ontario, which once again was built through a federal and municipal partnership. The federal government owned those lands and divested them over 30 years ago to the city to use. We have this thriving marina that attracts people from all over southern Ontario and transient boaters from the United States and so on.

Definitely, the economic development impact of the canal and the lake have created this perfect storm of creating the community for both residential and commercial use.

• (1300)

[Translation]

Mr. Angelo Iacono: What is the current situation in your port in terms of traditional infrastructure, but also of smart infrastructure?

[English]

Mr. Scott Luey: We do have an infrastructure deficit, like most municipalities in Ontario and, I would suggest, in Canada. We try to keep our roads and bridges safe for our community. We've been trying to replace municipal facilities on a go-forward basis. We have a nice operations centre, a library, and a museum. They're all very much up to date.

Our infrastructure is most dilapidated in our downtown core. We have a situation.... We have a downtown revitalization project on the books, and everything underground, including water, waste water and storm sewers, as well as the roads, sidewalks and streetscaping will be designed. It's about a \$32-million job that is going to be an economic boon for our downtown area.

Really, it meets the triple bottom line initiatives of greening the downtown with those underground services, economic gain for our entire business district, which is important to the municipality, and while the design is not completely done yet, there is a plan to have some smart infrastructure built into that new construction so that we can improve connectivity and innovation in the downtown core for the municipality and for tourists and businesses and so on.

[Translation]

Mr. Angelo Iacono: What plans do you have for your port in terms of smart infrastructure? What would smart infrastructure look like for you?

[English]

Mr. Scott Luey: For us, I think the most important thing would be movement of people and goods. I would like to see us have connectivity. I think the new normal is a connected downtown where people can get information through the Internet of things, basically, and where their cars are connected and so on.

[Translation]

Mr. Angelo Iacono: I have a quick question before my time runs out.

Do you use any automated vehicles in your port to make the activities easier?

[English]

Mr. Scott Luey: I'm sorry. At the city for the municipal needs...?

Mr. Angelo Iacono: In your port system, do you have automated vehicles?

Mr. Scott Luey: The city doesn't operate the port. We're called Port Colborne, but the shipping canal, the Welland Canal, is the actual waterway. There are businesses, wharves and docks that are part of the seaway infrastructure, but that's all administered by the seaway management corporation.

The Chair: Vance, have you finished?

Mr. Vance Badawey: I just want to allow both witnesses to elaborate a bit more, if I may, Madam Chair.

The Chair: Yes, if it's short.

Mr. Vance Badawey: I would ask you to elaborate a bit more on the asset itself.

When we look at Niagara as an entity, as a whole, as well as Port Colborne, Welland, Thorold and, of course, St. Catharines, along the canal corridor from lake to lake, we're really trying to ensure that, when the minister recognizes trade corridors, it can participate within the bigger picture nationally, to then allow us to perform a lot better when it comes to the global market. How then can you actually be part of that? How do you help facilitate that discussion? How do you communicate, for example, to the minister why the investments should be made and then therefore be part of the bigger picture as it relates to trade corridors?

• (1305)

Mr. Scott Luey: Through the chair, the municipalities in Niagara—and there are 12 as well as the upper tier, the county, basically, the region of Niagara—are the boots on the ground. We have the experience in moving people, moving products and attracting new investment.

I personally visit businesses in Port Colborne that ship amazing products all over the world, products that you wouldn't believe could be made inside a building. I've seen mining equipment that goes to Singapore, to the oil region of Alberta and all over Canada, and it's all coming out of Port Colborne. Those businesses are the ones that are going to benefit from a transportation infrastructure, a multi-modal way of moving people and products all around the country. That's where I think the benefit is going to come home, for industry, commerce and residential, all over the Niagara region.

Mr. Jayesh Menon: One thing I would refer to is that at some point in time if we have these agendas being addressed, particularly

the mid-peninsula corridor that we discussed, and that is taken as a priority as far as an agenda is concerned, then I can assure you of one thing. There are some specific industrial leaders within Niagara region. Perhaps in one year from now, if you all are out here in the same forum, I can invite some of the companies that have stories to tell about how they have made great in Niagara. If we can elevate some of these agendas in place.... This is a great place. I say a Niagara address equals export success.

The Chair: Wonderful. Thank you, gentlemen, very much for all that great information. Good luck with your initiatives. They're both very futuristic.

We will suspend until 2:00 p.m.

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(Pause)

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• (1405)

The Chair: I call our meeting to order.

From the Buffalo and Fort Erie Public Bridge Authority, we have Ron Reinas, general manager; from the Canada Border Services Agency, we have Richard Comerford, regional director general, southern Ontario region; and from the Niagara Falls Bridge Commission, we have Kenneth Bieger, general manager.

Welcome to you all, and thank you for being here.

Who would like to go first?

Mr. Richard Comerford (Regional Director General, Southern Ontario Region, Canada Border Services Agency): I think I just got the consensus here.

Good afternoon, Madam Chair and members of the committee. I am Richard Comerford, regional director general for the Canada Border Service Agency, southern Ontario region. Thanks for giving me the opportunity today to provide an overview of CBSA operations here in southern Ontario.

The southern Ontario region of the Canada Border Services Agency extends across the southern tier of Ontario, encompassing the cities of Windsor, Sarnia, London, Fort Erie, Niagara Falls and their surrounding communities. The region is home to four of the top five busiest land border operations in Canada, with major international bridges, medium-sized airports and marine services. Passenger and cargo services are provided for highway, air, marine and rail modes of transport.

The southern Ontario region is responsible for processing approximately 40% of the national total of traveller mode highway conveyances and approximately 60% of the national total of all commercial mode highway conveyances.

Trade and security remain a top priority for the CBSA. The CBSA is committed to the facilitation of low-risk travel and commerce to support economic prosperity, while protecting Canadians from public safety threats through a risk-based approach supported by pre-arrival and intelligence information.

We work co-operatively with our domestic and international enforcement and security partners on implementing a border strategy that relies on technology, information sharing and biometrics to create a smart and secure border. CBSA has taken a wide range of measures to increase vigilance and maximize its capacity to conduct risk assessments of people and goods before they arrive in Canada. Advance information pertaining to both goods and drivers with strategic risk systems, while leveraging emerging technologies and capabilities, is at the forefront of innovative solutions to reduce processing times while maintaining the integrity of the CBSA mandate.

It goes without saying that we must manage increased commercial vehicle volumes, service demands during peak season summer months, and special events taking place on both sides of the border. In the last five years, our region has consistently processed between 57% and 59% of the national total of commercial conveyances, and we have the highest number of trusted transactional volumes in the country.

In terms of operational delivery, the Ambassador Bridge ranks first in commercial processing across Canada, with approximately 1.5 million commercial conveyances processed in fiscal year 2017-18. The Ambassador Bridge is followed by two other southern Ontario land border crossings for national commercial volumes, namely, the Blue Water Bridge and the Peace Bridge, which processed approximately 820,000 and 580,000, respectively, in fiscal year 2017-18.

In terms of traveller processing, the Ambassador Bridge again ranks first in traveller processing conveyances with approximately 2.2 million cars Canada bound in the 2017-18 fiscal year, followed by the Detroit-Windsor Tunnel and Peace Bridge operations. Overall in the 2017-18 fiscal year, the southern Ontario region was responsible for the clearance of approximately 3.3 million commercial conveyances, 11 million cars and 25 million travellers.

As previously referenced, trade and security remain top priorities for the southern Ontario region of CBSA. This has led to investments in a border clearance model that leverages technological advancements to modernize service delivery. This includes our new and expanded trusted travellers and trusted traders programs that further automate infrastructure to accelerate the low-risk passage of people and goods. It also includes better analytical capabilities so that we can detect and identify higher-risk targets.

Our free and secure trade program is a commercial clearance program designed to ensure safety and security while expediting legitimate trade across the Canada-United States border. As of July 2018, the CBSA has 58,519 active fast drivers. Fast-load lanes are located at the Ambassador Bridge and the Blue Water Bridge, and one was established at the Peace Bridge in February 2017 as a flex lane, to be used as a fast lane or as a regular primary inspection lane.

● (1410)

NEXUS is a joint CBSA and U.S. customs and border protection program to simplify the process of crossing the border for members while also enhancing security. It is designed to expedite the border clearance process for low risk pre-approved travellers into Canada and the United States.

There are NEXUS automated self-serve kiosks at international airports, designated lanes at land borders and advanced reporting of arrival from marine mode. NEXUS has also provided expedited security screening at airports in the CATSA security line. As of July 2018, the CBSA has approximately 1.7 million active participants in the program.

The commercial eManifest program modernizes enhanced screening of goods and commercial processes by improving the CBSA's ability to detect shipments that pose high or unknown risk prior to their arrival and to facilitate the movement of low-risk shipments. The eManifest program requires carriers and freight forwarders to send advanced commercial information about their shipments electronically to the CBSA.

In terms of a simplified commercial process, the single window initiative enables importers and customs brokers to send an electronic integrated import declaration to the CBSA for nine participating government departments and agencies. The integrated import declaration can be for both regulated and non-regulated commodities.

Another key transformation initiative taking place in southern Ontario with CBSA is the secure corridor pilot at the Ambassador Bridge in Windsor. The secure pilot will evaluate the feasibility of using a combination of technologies to expedite the passage of low-risk free and secure trade, what we refer to as FAST eligible shipments, and streamline commercial primary processing. The secure pilot will begin at the Ambassador Bridge with lanes retrofitting and commercial convenience passage commencing this month. In fact, they've already started.

Again, the southern Ontario region strives to ensure that borders are open to low-risk travel and commerce and closed to crime. The CBSA works co-operatively with its joint law enforcement partners in implementing strategies that rely on joint force initiatives and information sharing to secure Canada's borders.

In fiscal year 2017-18, our region completed 3,307 seizure actions. The top commodity comprising more than half of the seizures was narcotics, drugs or other chemicals. Firearms, prohibited weapons and prohibited devices combined to be the second most prevalent seizure commodity in the southern Ontario region.

Likewise, in 2017-18, southern Ontario completed 1,161 immigration inadmissibility reports.

The southern Ontario region is working in collaboration with the national targeting centre as well in a pilot to evaluate commercial targeting technology. This commercial targeting pilot was implemented at the Peace Bridge in late July 2018. The pilot is focused on using advanced data analytics and new evidence-based intelligence-driven targeting methodologies. A final review of the analysis and the pilot was expected to be conducted in late 2018.

Yes, Madam?

The Chair: I'm sorry, but you'll have to try to get your remaining comments in through the committee's questions.

Mr. Richard Comerford: Sure.

The Chair: Mr. Reinas, please, for five minutes.

Mr. Ron Reinas (General Manager, Buffalo and Fort Erie Public Bridge Authority): Thank you.

I'm the general manager of the binational Buffalo and Fort Erie Public Bridge Authority which owns and operates the Peace Bridge and the customs plazas in both Canada and the United States.

The Peace Bridge is at the terminus of the Queen Elizabeth Way, which is a key economic, trade and tourism corridor. The Peace Bridge is currently undergoing a \$100-million U.S. self-funded rehabilitation project to be completed in June 2019. The Queen Elizabeth Way corridor serves four international bridges between Canada and the U.S.: the Peace Bridge, the Lewiston-Queenston Bridge, the Rainbow Bridge and the Whirlpool Rapids Bridge. Ken will speak about those bridges after me.

In 2017, the Queen Elizabeth Way corridor ranked second in Canada in terms of commercial volume and passenger vehicles. Cars totalled almost 10 million crossings. That's in both directions.

When you compare it to the other crossings, it's amazing actually how much traffic crosses at these bridges. Commercial trucks totalled almost two million crossings. Approximately 85% of all goods traded between the U.S. and Canada move by land transport mode, that is, trucking or rail. Of all U.S.-Canada trade, 54% is transported by truck. The Queen Elizabeth Way corridor accounts for 37% of that trucking volume into Canada and represents an estimated \$80 billion in two-way trade annually.

While the Ambassador Bridge carries significantly more commercial traffic than the Queen Elizabeth Way corridor, the nature of that traffic is different in that about 40% to 50% facilitates intra-company automotive trade between the Windsor and Detroit region. The commodity mix within the Queen Elizabeth Way corridor is much more diverse than that at the Ambassador Bridge.

Just to provide some corridor perspective, and Member Badawey will certainly appreciate this, on the Queen Elizabeth Way at Grimsby, halfway between Hamilton and Niagara Falls, the average annual daily traffic, or AADT, is approximately 120,000 vehicles. On Highway 401 at Chatham, halfway between London and Windsor, the average annual daily traffic is approximately 23,000 vehicles, compared to the 120,000 at Grimsby. It's actually quite a stunning number.

The difference is that the Queen Elizabeth Way is not only a trade corridor, but it is also a commuter highway and the primary tourism conduit connecting the greater Toronto area with the attractions of

Niagara Falls, the wineries of the Niagara region, the beaches of Port Colborne and Fort Erie, and western New York and the Buffalo region.

Much has been reported about congestion at the borders, often referred to as thickening of the border, and how this impedes the flow of trade and tourism. While infrastructure certainly plays a part, there are much bigger factors in the fluidity of the border. These are the impacts of customs resourcing and management, staffing of booths, which Mr. Comerford spoke about, customs procedures and technology. The best way to describe this is in terms of lift bridges that don't have customs at either end.

As an example, if you came here from Toronto, the Burlington Bay Skyway is eight lanes and carries 150,000 vehicles a day, or a per lane average of 18,750 vehicles. The Garden City Skyway in St. Catharines is six lanes and carries about 90,500 vehicles every day.

Compare that to the Peace Bridge with 14,500 vehicles, or only 4,800 vehicles per lane, or even the Ambassador Bridge with only four lanes but it carries 18,836 vehicles, or 4,700 vehicles per lane. On a per lane basis, the issue is not infrastructure over the river; it's dealing with the customs and procedures at the end of the bridges in either country.

The point I'm trying to make is that border crossings and trade corridors require a multi-departmental approach within government and between government, not just transport. The silos between agencies and governments must be broken down. For example, the federal government is expending over \$5 billion on the Gordie Howe bridge, not including the operating costs, which will never be recovered by toll revenue, while at the same time CBSA does not have capital funding for an e-gate program for NEXUS and has approached bridge operators to pay for the capital costs.

•(1415)

No money is allocated for a NEXUS marketing program, even though moving from 25% NEXUS utilization to 50% would eliminate border delays at the Peace Bridge and likely all border crossings.

Unlike the State Department, Passport Canada does not issue RFID passport cards, even though they would significantly improve booth processing times. The Peace Bridge is installing RFID readers in Canada for each inspection lane, with 50% funding from the national trade corridors fund, but there's no commitment to actually do passport cards.

Similarly, RFID-enabled driver's licences are available, but they are not promoted by Ontario's Ministry of Transportation. There are not just issues in Canada; there are also issues in the U.S. U.S. Customs requires regulatory reform to mandate e-Manifest for all commercial trucks and mandatory prepayment of their border crossing fees. Again, that would facilitate exports from Canada into the U.S.

Little is being done to address trade corridor bottlenecks away from border crossings. For example, the mid-peninsula corridor that's been talked about for decades to relieve QEW corridor congestion is not being addressed. In-transit delay is a delay no matter where it occurs.

Thank you for the opportunity to address the committee. I trust my comments will be helpful as you continue your deliberations.

• (1420)

The Chair: They certainly will. Thank you very much.

Mr. Bieger.

Mr. Kenneth Bieger (General Manager, Niagara Falls Bridge Commission): My name is Ken Bieger. I am the general manager of the Niagara Falls Bridge Commission.

As Ron mentioned, we have three bridges. We have the Rainbow Bridge, which is a pedestrian bridge. It's also a high tourist bridge and handles auto traffic. We have the Whirlpool Bridge, which is our oldest bridge. Built in 1898, it is a trusted traveller bridge for NEXUS autos only. Then we have the Lewiston-Queenston Bridge, which I think is probably the most important for the group here. That is our commercial truck and auto traffic bridge. There are no pedestrians on the Lewiston-Queenston Bridge.

We were asked to help the group here come up with ways to maximize the efficiency of Canada's trade corridor. I'll break this down into the three areas I see.

First, ensure that the technology in place is robust and that the downtime is equitably managed by someone who understands, really, the cost of trade. As a border operator between, let's say, CBSA and the government, we see a lot of discussion about trade, but there seems to be a disconnect when it comes down to implementing some of the things that are critical for us as border operators. Technology is a big part of it. I think we all know that there will be issues moving forward with staffing in terms of the number of CBSA officers, and the same on the U.S. side with CBP officers. Technology will be taking over. We need to bridge that gap between now and at the point that technology improves.

Currently we have issues with the advance commercial information system. We've had a lot of downtime in the last three or four years. It has improved recently, but it's been an issue. Better redundancy procedures in place for when these downtimes happen would help. These truckers get stuck at the border when these computer systems go down.

The transparency with metrics would be a big plus for us also. We are truly a partner with CBSA. I have to say that the local CBSA group is great with us as border operators. We have a great relationship between the Peace Bridge and the Niagara Falls Bridge Commission, but by improving metrics even from Ottawa as far as wait times and downtimes and things like that are concerned, we could communicate back and forth and all be on the same page. The way I put it in my write-up is that poor information leads to poor decisions. If we can work together with the metrics and both agree what the wait times are and what the reasons are, I think that shared information would be helpful. Really, we think funding for upgrades in computer and technology systems would be a big plus, from our perspective.

Ron touched on staffing, as did Rick. Again, staffing improved with regard to our wait times here in the last year, in 2017, but 2016 was a difficult summer for everyone.

A lot of things lead to that. The collective bargaining agreement is outside of local control. I think there has to be some communication, some understanding, when decisions are made. Having the front-line officers have guns was a big issue. Not having everyone being able to be on the primary inspection lanes has caused a lot of issues at the port, so the collective bargaining agreement is an issue.

Really, from Ottawa basically just.... I think this again goes back to the disconnect between trade and what's really happening on the line. I think it's great that everybody's here and visiting the Peace Bridge tomorrow. Actually getting out there and seeing the trade and seeing these trucks go across really highlights that connection as to how much money we're talking about when these things are held up. It goes back to having adequate staffing and understanding it first-hand out there, at the primary inspection lane, versus Ottawa, let's say, not fully understanding the trade implications.

Ron touched on the Gordie Howe bridge. Obviously, from a border operator perspective, we're concerned that we have limited resources right now with CBSA. Are resources going to become more scarce when a bridge like Gordie Howe Bridge is going to open in the future?

• (1425)

In terms of the immigration issues with asylum seekers, the impact has affected border operators. I'm not sure if there's a different way in which that could be handled or improved for efficiency. Locally, I know everything's being done to work on different options to improve things.

The Chair: Thank you very much. You might be able to continue your comments when you're answering some questions.

Go ahead, Mr. Liepert.

Mr. Ron Liepert: Thank you, Madam Chair.

Thank you for being here, gentlemen.

I'm going to ask a couple of questions that are maybe a little bit off topic, but I want to ensure that my colleagues don't take this the wrong way, relative to politicizing something.

Mr. Comerford, you mentioned in your report that more than half of your seizures were narcotics and drugs. Do you see any difficulties with the NEXUS program at the border with the movement of goods because of the legalization of marijuana?

Mr. Richard Comerford: Thank you for the question.

In terms of the NEXUS process—and I do believe that's what you're referring to—is this in terms of NEXUS processing or just in general?

Mr. Ron Liepert: Well, both. I mean the NEXUS processing, but also those that may be caught up in it if they don't have the NEXUS at the border.

Mr. Richard Comerford: In terms of legalization of cannabis, what's happening is that there's really been no change at the border. It is illegal to import and be in possession of marijuana when you arrive in Canada.

The first thing that I would say is that all goods need to be declared by people coming into the country. If they aren't declared, they are subject to seizure, and that applies to all drugs as well. Any drugs that are in your possession, you must declare. If we find them, they will be seized and you will be arrested and prosecuted.

Therefore, do I see a difference in the current way of operating compared to when the cannabis legislation comes into effect? I don't.

Mr. Ron Liepert: I guess, though, I'm looking more at how the U.S. will be treating our legalization of cannabis.

In your discussions, would you know what the U.S. border authorities...? We're going to have truck drivers now, as an example, who may be asked questions that could impact the transfer of goods.

Mr. Richard Comerford: I can't speak on behalf of the United States Customs and Border Protection, so I can't speak to their policies. What I can say is that the various levels of government are talking about movement and declaration of goods across the border and issues around cannabis.

That's the best I can respond to that question, as an operational director. I haven't had or been part of any of those discussions at this time. However, to ask if you've taken cannabis is not a normal question that the U.S. CBP would ask at the border.

Mr. Ron Liepert: The U.S. wouldn't?

• (1430)

Mr. Richard Comerford: No.

Mr. Ron Liepert: Okay.

Although I must admit that I can't speak as a NEXUS holder, the NEXUS program has been incredibly successful in terms of how effective it is within the business community. I can only tell you how effective it can be as a traveller.

What do you see in the future that could be the next stage of NEXUS? We had a presentation—I guess it was before we left Ottawa—about pre-clearance of goods. In that area, what could you see being standard in five years, almost like NEXUS is now?

Mr. Richard Comerford: First, on the NEXUS program, it's going to continue to build on the 25,000 applications we get every month to continue that outreach in educating people that this is a more effective and efficient way to cross the border. Any time CBSA gets pre-arrival information, we can assess risk before the people arrive in the country.

That takes our processing time down from potentially 60 seconds to potentially 25 seconds in a very standard way. Promoting the program, encouraging enrolment, and then from a technological perspective advancing RFID technology so that we can read the information prior to the person arriving to the toll booth—one of which you're going to be visiting tomorrow—and having that advance information allow a cleaner flow-through, so it reduces the dwell time at the border and the time for risk-assessing the individual.

Mr. Ron Liepert: What about the other way, though? Could we be in a position five years from now where pre-clearance of a truck of goods that's going into the United States from Canada could be done in the same way that pre-clearance is done with passengers today? You pre-clear it, you lock it up, and you go through the border. Is that something you could see? I would think that would expedite a great deal of our movement of goods.

Mr. Richard Comerford: As you are well aware, the pre-clearance agreement was discussed in 2015, I believe. We are making strides with the Americans in order to move that program forward.

I can't say where we're going to be in five years from now, but I can say that if you can determine that a truckload and a driver are low risk, then that truck should freely move over the border. That's what we're aiming to do through a pilot we have at the Windsor Bridge, which we refer to as a secure corridor. Again, in that secure corridor, they are a trusted partner, they are a trusted trader, and the driver is a FAST driver, so we have all the information we need about the goods and the driver and we're expediting that through a corridor.

To answer the question, in five years I hope to expand that trusted trader corridor.

Mr. Ron Liepert: Yes. It makes sense.

Thanks.

The Chair: Thank you very much.

Mr. Badawey is next.

Mr. Vance Badawey: Thank you, Madam Chair.

Here is a question I asked one of the fellows from CBSA up in Ottawa: digging a bit deeper into the weeds with respect to your comments on the earlier questions from Ron, what steps will CBSA take to facilitate cross-border commerce, especially with the direction we're taking by establishing a more nationally recognized trade corridor in the Niagara area?

Second, this is an interesting stat your president, John Ossowski, mentioned at a recent conference: a 1% increase in border delay negatively impacts GDP by more than 1%.

How are you going to be able to deal with this, especially if the traffic over the border escalates within the next few years?

Mr. Richard Comerford: In answering your question, I believe what you're referring to is "thickening" of the border, or increased border wait times. I think there are a few areas I can approach to respond to that question.

One is, as I mentioned, about resources. Since April 2017 we have had approximately 130 new recruits come into the region. It's a matter of taking those recruits and making sure they are strategically placed within areas where we have need when we have increased traffic. From a resourcing perspective, that has already been done, and we've seen the difference in making sure we're meeting the border wait times.

The other area is in terms of planning. Operational planning is very important when you're running an operation similar to CBSA. It's important to understand all the environmental and economic factors we have. For instance, any increase in the dollar will generate a significant amount of cross-border movement. As you are well aware from your area, people will definitely cross the border to go shopping if the dollar is better or at par. We have a planning process in which we look at that economic factor.

Other factors we look at are historical trends. We look at it from monthly, weekly, daily, and hourly perspectives. We know exactly from a historical perspective how many vehicles may be coming through in that particular hour at that particular POE, and we resource accordingly. Again, in that planning, we try to have flexibility with our resources by moving them from one location to another.

For instance—I'm giving you some anecdotal examples—when there's a sporting event taking place, for instance in Buffalo, you are going to encounter a surge of travellers coming back in a hurry after a sporting event. It's a matter of ensuring we have the right level of resources at the right time to process those people.

The same thing can apply to commerce. The Ambassador Bridge is our busiest land border port of entry for commerce. We operate 13 commercial primary lanes at the Ambassador Bridge from nine o'clock in the morning to nine o'clock at night, and all the lanes are open.

Those are ways that we plan to move this forward and plan to deal with the increased volume, but that's only part of the solution. The other part, as was mentioned, is the technological piece. We need to continue to review and look at efficiencies through technological change, such as RFID.

• (1435)

Mr. Vance Badawey: We've heard this morning about the need for more dialogue. One person referred to it as a shared commitment to a new culture of working closer together versus working in silos. That said, we have the border. We have a lot of traffic coming over the border. We have participants trying to facilitate or expedite that traffic over the border.

The first question is this: where do you see your participation in creating that more formalized trade corridor here in Niagara-Hamilton? Second, what can we do to help you accomplish those goals?

I guess it's a question for all three of you.

Mr. Richard Comerford: Thank you for the question. Maybe I'll start.

As you know, we work very closely with our stakeholders—specifically, my colleagues from the bridges—in southern Ontario. We have a very strong relationship. We are always sitting down and discussing new and innovative ideas and new ways of managing. We also sit down to talk about challenges and issues. When those issues arise, we look at solutions. We are very much engaged in that now through formal and informal discussions.

I'll pass this on to my friends.

Mr. Kenneth Bieger: I have another perspective. We're talking about technology, about the direction of technology and the need and clearly the future of the border. We're talking about the borders of the future and where things are going. It's endless when you hear about what is going on in some of the pilot programs at the Peace Bridge and up at Windsor.

If you're looking for something that you really could do to help, as one of the things, I would encourage the relationship between CBSA and CBP. I've been in this role for a year and a half. Peace Bridge has been nice enough to host a meeting once a year, with CBSA and CBP together, where we've talked about technology and how things are going. When you look around the room of 25 people, you see how excited people are that we can actually share ideas on where the future is.

For years it appeared that there wasn't that communication, that connection, between the two countries, and there are obvious reasons to do with legalities, but the more that this could be encouraged by the government, from Ottawa, to do that from the Canadian side—and the U.S. side also—to get a group working together.... There's no reason to have all these smart technological brains working completely separately when they could be working together on a similar problem.

The Chair: Thank you very much.

Monsieur Aubin is next.

[Translation]

Mr. Robert Aubin: Thank you, Madam Chair.

Thank you for your remarks, gentlemen, but let me tell you right off the bat that I had difficulty following you. It is not that you were not specific, but, since I do not come from a border area myself, the jargon you use is a little beyond me.

I am going to try to ask some questions that will clear it all up.

First, in terms of a risk-based approach, I understand the spirit of that well, but can you be more precise and tell me whether we are talking about two, three or five levels of risk? How do you define the approach, or the people you examine?

[English]

Mr. Richard Comerford: Thank you for your question in terms of the risk-based approach that CBSA uses. This approach is the foundation of CBSA in order to get enough information on an individual, a company or a commodity, and to assess that through various means in terms of looking at various enforcement databases to understand what level of risk there is with that individual or company or those goods.

We do this on an ongoing basis. That's what we refer to as our trusted traveller and trusted trader programs. It's about getting enough information in advance in order to understand if there's any risk associated to any of the entities that will be crossing over the border. We refer to it as "advance information", and if we're talking about traders, that comes to CBSA prior to the goods coming into the country. That's the main principle in how we operate.

• (1440)

[Translation]

Mr. Robert Aubin: Thank you.

You have all talked about technology a great deal. But I was surprised to see that NEXUS, which is the system I perhaps know best, is not available everywhere. You talked about other technologies that I do not know, like RFID. A little later, I gathered that it is probably a chip that can be remotely detected electronically while vehicles are moving.

Is technology, which is developing very quickly, moving forward faster than our ability to equip every border crossing with it?

[English]

Mr. Kenneth Bieger: I'll start. I think the question about the direction of technology and where it's going was also asked a little while ago. Whether it's RFID or the NEXUS card, right now this appears to be a short-term solution.

Obviously, the long-term solution is biometrics or something along that line. The technology needs to be perfected. I think we have about a five-year window in which we're still going to see the use of RFID readers and cards and these NEXUS cards, until the confidence level is high enough on biometrics that these cards will eventually be antiquated. I think that's the plan. Whether it's out 10 years or 15, at some time there probably won't be a need for any cards.

I don't know if you have the same thoughts, Ron, but there's definitely going to be a period of time while they'll be needed until the confidence level for biometrics is up.

Mr. Ron Reinas: Certainly from our perspective, RFID has been around for a very long time, and it is accepted technology.

The U.S. has had technology. All of their booths have been instrumented with RFID for years. They issue passport cards. When you apply for your passport, you get a wallet-sized RFID card. In Buffalo in Erie County, the Department of Transportation issues enhanced driver's licences that have RFID chips in them.

Our challenge at the border is that those similar technologies are not being used by the Government of Canada. Passport Canada does not issue passport cards. I believe the Ministry of Transportation of Ontario has only issued about 10,000 enhanced driver's licences.

While we have some RFID booths—and we're actually installing more—we really don't get the full benefit of that technology if the Government of Canada does not issue those documents. That's the challenge for us.

[Translation]

Mr. Robert Aubin: I have done some travelling in regions of Africa where people have jumped over one stage of development. People have moved directly to cellphones without ever having had a landline.

Should the Government of Canada see that as a possibility too? If biometrics is the technology of tomorrow, should we not move past RFIDs, which we have not really mastered, and move directly to this technology of tomorrow, especially if that is the way the United States is going too?

[English]

Mr. Richard Comerford: Maybe I can answer that question in the way of engagement, actually.

We are very much engaged with the U.S. CBP in terms of our technical advancements on both sides of the border. We meet at the national headquarters level on a regular basis and look at different ways we can use different types of technology. For the CBSA, we have a lab, and that lab is one of the main entities that has been driving the secure corridor.

In terms of biometrics, we have tested biometrics with the NEXUS card when you arrive at airports. You get an iris scan, and that's one of the features we've been using.

We are continuously testing the use of biometrics, and I see that as the advancement going forward. It's just not there yet. I'm not a technological expert, so I can't give you the specifics around that, but I can tell you that we are looking at different options.

The Chair: Thank you very much.

Mr. Hardie is next.

Mr. Ken Hardie: Thank you, Madam Chair.

Thank you for being here. I have a question for all of you.

Obviously you have a material interest in how the whole trade corridor works. Do you find yourself with the opportunity to be at the table when trade policies or infrastructure or some of the other component pieces are discussed and planned? Do you have that opportunity?

• (1445)

Mr. Ron Reinas: Certainly we would like more of that opportunity. We don't have it enough.

We correspond mostly with CBSA and CBP in terms of the border issues. However, in terms of dealing with this—and this is what I said in my remarks—we have to break down the silos, not only within federal government agencies but also with the province and with the local municipality. It really takes a holistic approach to look at these types of trade corridors. They're all interconnected, and a lot of times we don't see that interconnectivity in the way we should.

Mr. Richard Comerford: Certainly we are engaged through the machinery of government when there are infrastructure changes that are going to take place. Whether it's through Transport Canada or other government departments, they reach out to the CBSA and provide us with information in terms of where they're heading. Then we look at it from a project basis, on what our requirements are to operate as well.

I can say that we are engaged at a national level.

Mr. Ken Hardie: It would be ideal, of course, in the process of doing your jobs on a day-to-day basis, to have a channel by which you could feed back the experiences you're having, and in that way—because everybody would be involved in looking at the systems and trying to improve—to up the game a little bit.

What's the process to become a trusted trader? What do you have to do?

Mr. Richard Comerford: It depends on where you are in the trade continuum. If you're a carrier and a driver, we're looking for you to provide information about yourself or your company for us to do a risk assessment. Based on that risk assessment, if it's low risk, we will provide you with a trusted status. Our trusted status is a "free and secure trade" card, a FAST card. Drivers use that to cross the border. It indicates that they meet the requirements. It's very similar to the NEXUS requirements.

Mr. Ken Hardie: Is the border crossing just a matter of a few moments, then?

Mr. Richard Comerford: Well, there are different kinds of processing. If you are a non-trusted trader, that processing will definitely take a little longer, because we have several questions that we'll need to ask at the point of entry into Canada. If you are a trusted trader, definitely that process is more streamlined. Now, as part of the pilot with our secure corridor, it's even more streamlined.

There are different levels of service, based on the risk information that we receive.

Mr. Ken Hardie: We've heard quite often that in the process of making a car, the car or components of it will go back and forth across the border any number of times. In particular, you mentioned that it's the Ambassador Bridge that's primarily being used to ship auto components.

On average, how many back-and-forth trips would an individual trucker do in a day across that bridge? Do you have any thoughts on that?

Mr. Richard Comerford: That is a very difficult question, but the automotive industry is there and it does run some of its cargo back and forth across the U.S., whether that's a driver from the industry itself or a contract driver. That could happen anywhere from one to maybe four or five times.

Mr. Ken Hardie: On a scale of one to 10, where one is horrible and 10 is perfect, how would you rate us? Taking a 30,000-foot view, looking at regulations and how harmonized or not they are, or how balanced the infrastructure is on both sides of the border or even interprovincially, let's take both sides of the border. Do we have a lot of work to do on regs? Do we have a lot of work to do to make sure that if we improve things in Canada, the States can accept the extra traffic or vice versa?

Mr. Kenneth Bieger: As far as infrastructure goes at our bridges, it's probably an eight.

On the U.S. side right now, we're just starting construction on our phase 2 at the Lewiston project, which is a \$90-million project. We finished phase 1 about a year ago, which was \$33 million. The original plaza was built in 1962, so it's pretty antiquated right now. We just built a new plaza a few years ago on the Queenston side. This is going to somewhat replicate the advancements that we made on the Canadian side.

Mr. Ken Hardie: Maybe we can get quick answers from the other two before I get cut off here.

Mr. Ron Reinas: Coming into Canada, we're probably a nine. You'll see that tomorrow. We have great facilities.

Going into the U.S., we're about a five. We need to do some work on the U.S. side and we have some geographic issues there that we're

trying to address by incorporating some of the pre-clearance elements in the federal government's legislation to move some functions from the U.S. plaza over into Canada preceding entry into the U.S.

• (14:50)

The Chair: Mr. Iacono is next.

[Translation]

Mr. Angelo Iacono: Thank you, Madam Chair.

Please go ahead.

[English]

The Chair: Yes, exactly. That was—

Mr. Angelo Iacono: I'll leave you the time to give your answer.

Mr. Richard Comerford: I was going to say a nine as well, with the investment of technology.

[Translation]

Mr. Angelo Iacono: Thank you.

According to the report from the Canadian Chamber of Commerce, Quebec and Ontario depend on road traffic, which is causing major traffic problems.

What changes have you seen in maritime traffic since CETA went into effect a year ago?

You can each answer in turn.

[English]

Mr. Ron Reinas: I can answer from a commercial perspective.

Commercial traffic has declined over the last 20 years. Part of that has been because of the shift of trade between Canada and the U.S. in the automotive industry to Mexico and the United States, as well as receiving more goods through seaports such as Prince Rupert, Vancouver, and Halifax.

We're seeing more of what we call "outside the trade". The stuff that's going back and forth between Canada and the U.S. has declined over the last number of years.

[Translation]

Mr. Angelo Iacono: Thank you.

What do you think, Mr. Bieger?

[English]

Mr. Kenneth Bieger: We're seeing the same thing. I think our commercial truck traffic is pretty similar to that of the Peace Bridge. We have had a little uptick the last couple of years up until maybe the last fiscal year, when we were down, but we're not at the levels we were at back in 2000.

Mr. Richard Comerford: The only other data I would provide to you is that we're probably down about one to one-and-a-half per cent in truck volume in the southern Ontario corridor over the last two years.

[Translation]

Mr. Angelo Iacono: Thank you.

The port of Montreal has designed an application that indicates the best traffic routes, especially to tell truckers about the state of the highways.

Is there a similar process here in your region? If so, can you tell us about it?

[English]

Mr. Ron Reinas: There has been discussion about a new connecting highway from the border into the Burlington and Toronto area. That has been in the planning stages before, but that again is a provincial responsibility and not a federal one.

Mr. Richard Comerford: I couldn't answer that question. I'm more involved in the border operations, not the provincial highways.

[Translation]

Mr. Angelo Iacono: Last March, the Standing Committee on Transport, Infrastructure and Communities undertook a study on automated and connected vehicles in Canada, in order to understand the technological developments in the transportation sector and the changes they imply.

Are the bridges able to handle passengers in automated vehicles?

[English]

Mr. Richard Comerford: We have certainly been talking with the industry in terms of autonomous vehicles and autonomous trucks. We know it's part of the future, and we are still in those discussions in terms of ensuring that they present themselves for inspection when needed.

How is that going to work? At this point in time, I think that's still under deliberation.

Mr. Ron Reinas: The latest information that we have from the Ontario Trucking Association is that while there may be autonomous trucks, there will always be drivers in those trucks. The driver may not physically be driving on the throughway, but when the truck gets to the border or when it gets to its final destination, there will always be a driver in the truck. That's the latest that we have.

Mr. Kenneth Bieger: The other thing with the trucking industry is the issue that it has with the labour and the drivers of the future. There's obviously the big push right now to be autonomous, so it's coming. It's something we'll all have to be ready for in the future.

[Translation]

Mr. Angelo Iacono: I have one last question, and I would like a short answer from you.

In your presentations, you raised a good number of difficulties and needs. Given that, which should the committee consider to be the priority? Apart from money, what is the most important thing?

• (1455)

[English]

Mr. Ron Reinas: From my perspective, I really believe in working or coordinating and communicating with the other departments to have a more holistic approach to the border. There's no point in spending billions of dollars to build infrastructure if the stuff on either end doesn't work, if the customs things don't work.

Mr. Angelo Iacono: You're more into harmonization of relationships.

Mr. Ron Reinas: Correct.

The Chair: I think that's all the time we have.

We will go on to Mr. Jeneroux for his time.

Mr. Matt Jeneroux: Thank you, Madam Chair.

Thank you for being here today, everybody.

I just want to clarify one comment that you had at the beginning, Mr. Comerford, with regard to the legalization of marijuana. You said that when October 17 comes and goes, there will be no changes in what you're doing. Is that what you said?

Mr. Richard Comerford: It is still illegal to import cannabis into the country, and we'll be processing the same way we process today. If it's not declared, we will obviously arrest the individual and possibly prosecute the individual.

Mr. Matt Jeneroux: Even though it will be legal in Canada on October 17, presumably it would still be illegal to bring it into Canada. Is that what you're saying?

Mr. Richard Comerford: Yes, it's the importation.

Mr. Matt Jeneroux: Okay. That's interesting.

I want to focus most of my question on some of the comments. Mr. Comerford, I think you might be interested in commenting, as well as Mr. Reinas and Mr. Bieger.

Mr. Bieger, you mentioned it, but I'm sorry, I didn't really catch it when you said that there were concerns for when the Gordie Howe bridge opens.

Mr. Kenneth Bieger: The concern we have is—again, because staffing is so critical—just getting the number of people needed in the southern Ontario region for our three bridges and the Peace Bridge. By taking from the pool of CBSA officers—unless there's going to be a big increase in CBSA officers—there's a concern that we're going to lose some of our officers here in the southern Ontario area.

Mr. Matt Jeneroux: Presumably this is because there's now a new border crossing. Without having an increase in members, some would have to go there. You'd basically be splitting that.

Mr. Kenneth Bieger: Right, yes.

Mr. Matt Jeneroux: The Ambassador Bridge also received a permit to increase its size. I imagine that would also cause some concern for you. Without any additional officers, do you feel that it would be understaffed? Is that appropriate to say?

Mr. Kenneth Bieger: Right.

Mr. Matt Jeneroux: Mr. Reinas, you mentioned the Gordie Howe bridge in your opening comments as well. We're seeing an additional 12 lanes, essentially, with the permit of the Ambassador and the Gordie Howe. Do you see that as a necessary number of lanes to accommodate traffic the way it is right now?

Mr. Ron Reinas: No, it's major overkill. There is existing capacity on all of the bridges.

In terms of lanes over the river, that's not the issue. The issue is what happens at either end. If we can expedite the flow of traffic.... We've done a very detailed analysis that can actually reduce the number of lanes over the rivers at the international border crossings, and the borders would function equally well, if not better. That's the bottleneck.

The Champlain Bridge, for example, in Montreal, will have six lanes of traffic, and it carries 137,000 vehicles. If the Gordie Howe bridge were to take every car from the Ambassador Bridge.... It handles less than 19,000 vehicles, just to put it in perspective. It's not the lanes over the river that make a difference.

Mr. Matt Jeneroux: Right.

The Chair: It was just a short question, Mr. Jeneroux.

Mr. Matt Jeneroux: Okay.

It's a lot more, though.

The Chair: Go ahead, Mr. Aubin.

[Translation]

Mr. Robert Aubin: I have two quick questions for either of you.

To your knowledge, has any study shown how much shortening wait times at the border helps to reduce greenhouse gases?

[English]

Mr. Ron Reinas: Yes, we're actually familiar with it. We did some very detailed studies on that when we were looking at twinning the bridge through an environmental impact statement that was jointly operated by Canada and the United States.

Again, the issue isn't the lanes over the water: it's whatever can be done to eliminate the delays at the border. That means things like the trusted trader program, the FAST program, the NEXUS program, proper regulations, proper staffing of the booths. As much as possible, we have to emulate free-flow traffic conditions. If you emulate those, you don't have the idling and you don't get the greenhouse gases.

•(1500)

[Translation]

Mr. Robert Aubin: Is the study you're referring to public? If so, could you give us the reference, either now or later?

[English]

Mr. Ron Reinas: Our environmental impact study is from 2009-2010, and I can certainly provide it to the secretary of the committee. It talks about the idling of vehicles.

[Translation]

Mr. Robert Aubin: Thank you.

The Canadian and U.S. economies are so intertwined that every time our committee conducts a study, we always hear about harmonization.

Are we still talking about harmonization when it comes to border crossing security measures, or do the U.S. and Canada have a common project that would allow them to move in the same direction, hand in hand?

[English]

Mr. Richard Comerford: I believe you're referring to harmonization of our programs. Is that fair to say?

[Translation]

Mr. Robert Aubin: Yes.

[English]

Mr. Richard Comerford: We have various programs that we are harmonized on. Sorry...?

[Translation]

Mr. Robert Aubin: Yes, it is harmonization, but my question was more about whether Canada and the United States are sitting down together, not to harmonize their existing laws, but to develop the agenda for the future.

[English]

Mr. Richard Comerford: I certainly would agree with your statement in terms of the need for us to sit down to harmonize the border in order to have an efficient border crossing.

The way we've always looked at the border, especially in an operational sense, is the border is one border with two countries. We treat it as one border, so where we can harmonize, it is the best practice for sure.

The Chair: Please give a quick answer.

Mr. Ron Reinas: That's where it's frustrating for us, for example. There is RFID going into the U.S., but nothing coming into Canada, so people who cross the border think they can use RFID to come into Canada but can't. There are some very simple harmonization things that could be done to make the border work better.

The Chair: That's what we want to hear about.

Thank you all very much.

Just for your information, we are having a bit of a round table between six and seven, if you want to come back, so that you have the chance to talk further with committee members. We're all going to be available between six and seven.

We'll suspend until the next panel.

- _____ (Pause) _____
-
- (1505)

The Chair: Thank you very much for being here, gentlemen.

We have Accipiter Radar Technologies Inc., with Tim Nohara, president and chief executive officer, and Niagara Industrial Association's Roy Timms, board member and former chair. We have, as an individual, Patrick Robson, a professor at Niagara College, and for the Welland/Pelham Chamber of Commerce, Mr. Milot, director.

Thank you all very much for being here. We appreciate that.

Mr. Milot, would you like to start?

Mr. Verne Milot (Director, Welland/Pelham Chamber of Commerce): Thank you very much.

Madam Chair and standing committee, I'd like to thank the committee for hearing us today, as we speak on behalf of our chamber membership on the trade corridor and related transportation issues in Niagara.

I can say unequivocally that maintaining a vibrant and seamless trading hub through the peninsula corridor remains a top concern and priority for our 2,000 members. Many rely on this corridor for their trade livelihood, and it's of paramount importance that we face impending issues on this critical route. It is clear that the federal government can play a key role in many ways.

Of top concern is the continually congested QEW corridor from Hamilton to the U.S. bridge border crossings in Niagara Falls and Fort Erie. A true Canadian Niagara trade corridor strategy will have to deal with the congested Niagara international bridges by providing appropriate infrastructure and systemic border crossing improvements to reduce mounting delay times at the border.

Even more critically, a mid-peninsula highway is needed to address gridlock from the QEW and move commercial traffic and trade in a proven, viable connection, to connect Buffalo to Hamilton, Hamilton airport, and major centres in southwestern Ontario through to Windsor and Sarnia.

Years have been spent tweaking and perfecting environmentally sensitive, relatively inexpensive, and effective highway corridors. It's time to make the move. Following the appropriate environmental assessments that are now under way, we encourage the federal government to work with the province and other stakeholders to help make this link a reality as soon as possible and to ensure that our chronic corridor vehicle congestion along the QEW is lightened.

Indeed, much of our transportation now depends on seamless, fast links between different types of transportation. It is here that Niagara excels in potential, with inexpensive and appropriate lands that can be leveraged to smooth a way to sensible development and transportation links to rail, tidewater access, and other connections. This may include new rail links to development lands. We urge the federal government to use its mandates, leverage, and financial backing to help make this happen.

Welland Canal's shores have also been in development limbo—if you want to call it that—along dozens of kilometres of prime industrial and employment growth lands. This must change. It is here that Transport Canada can play a key role in sensitively opening up those areas and connecting them appropriately to trade transportation routes as part of a more robust industrial hub.

Rail, water, trucking, and related connections must be made more open, seamless, and functional for our future economic security and prosperity. Dormant, developable industrial lands along the Welland Canal are also no longer acceptable if we're to entrench the region in a foreign trade zone in a way that will be robust and credible for decades to come.

In these ways, Niagara's future as a trade corridor of national importance can be secured. Our chamber members can then do business in a future that will bolster their success and potentially add thousands of new jobs.

Thank you for your time.

• (1510)

The Chair: Thank you very much, Mr. Milot.

Mr. Robson, you have the floor.

Mr. Patrick Robson (Professor, Niagara College, As an Individual): Thank you, Madam Chair, and thank you for inviting me.

As mentioned, my name is Patrick Robson. I'm actually a registered professional planner and a member of the Canadian Institute of Planners, so while my present role is professor at Niagara College, I did serve as the commissioner of planning for the Niagara Region for a number of years, and it is through the eyes of an urban regional planner that I provide my comments today.

First off, let me give a little history. The notion of Niagara as a trade corridor is certainly nothing new. Indeed, it goes back to our first peoples. The area was the nexus of trade for first peoples, and there's evidence that under the supervision and oversight of the Neutrals, Niagara was a centre to conduct trade for hundreds of years. The Algonquian people from as far north as Hudson Bay, the Seminole peoples from Florida, and all nations in between converged on Niagara as a trade crossroads for the entire eastern portion of North America, so it does still have that critical locational value.

Half the battles of the War of 1812 were actually fought in the Niagara theatre, and the reason is quite simple: Because of the strategic location for the movement of goods and people, if you controlled the route, you controlled the continent. Regardless of who may or even can claim victory in that conflict, there's no doubt that it served as a seminal nation-building exercise for both sides of the border, and that's been followed by over 200 years of binational co-operation on many fronts, not the least of which is trade.

The building of the Welland Canal, which actually began in the 1820s, opened up the interior of the continent for trade, and that continues today. In fact, it's been said that if the eight Great Lakes states and Ontario and Quebec were one economy, they'd be the third- or fourth-largest in the world, so it is still a very critical location.

If we scroll forward to 1974, the importance of moving goods and people was recognized in the first Niagara regional policy plan. Specifically it envisioned a mid-peninsula corridor, which you've heard about. From a planning perspective, I would suggest that the inclusion of the mid-peninsula note was not so much a novel vision as it was a recognition that the bones of a trade corridor already existed—the general route of Highway 20 in terms of roads; rail infrastructure such as the still-operative Toronto, Hamilton & Buffalo, or TII&B, line; and the critical intersection that both have with the Welland Canal. However, during those times, the local economy was thriving with steel and automotive manufacturing, so the attention on moving forward with enhancing that corridor was not pursued with enthusiasm. It has been looked at again since the economic landscape of the area has changed significantly with the exodus of a lot of that industrial activity.

That brings us to the late 1990s and early 2000s. Local leaders, including our friends in western New York, were undergoing a similar economic transition and began looking in earnest at how to transition to a renewed economic future. Coincidentally, at the same time the Province of Ontario was considering how to accommodate future growth in the greater Golden Horseshoe. That includes Niagara and Hamilton. Local leaders successfully petitioned Queen's Park to recognize the trade nexus that is Niagara, and part of that success was based on being able to argue for the existence of significant transportation infrastructure—road, rail, marine, and air. When the first growth plan for the greater Golden Horseshoe was approved, there was what I call a Niagara special designation for what is known as the Niagara gateway economic zone and centre. However, what was going to happen there was still to be defined, which actually was a welcome opportunity locally.

I was most fortunate at that time to be the staff lead on the process, and we had political championship from several folks, most notably Mr. Vince Badawey, who was then Port Colborne's mayor and is now MP for Niagara Centre. They developed an entire policy regime with policy tools like financial incentives, and all of that was developed as part of the gateway plan. Underpinning that plan were some basic assumptions and objectives: the reality that we have over 2,000 hectares of developable or redevelopable industrial land that is being entirely underutilized, and the existence of that multimodal infrastructure. Focusing on what we do well in our economy—food processing in this area, advanced manufacturing, and logistics—was a big part of that. Also, it was understood that that gateway serves regional, provincial, and national economic interests. It was in fact the foundation for the granting of a foreign trade zone by the government.

• (1515)

The foundational pieces are all in place. We have federal recognition, provincial designation, and local policies and tools, but we need to effect the coordination and integration of those transportation assets. They intersect, but that doesn't mean they interact anywhere near their collective potential. That's part of the challenge.

The Chair: Thank you, Mr. Robson. Maybe you can get in your other comments when you're answering some questions.

Please go ahead, Mr. Nohara.

Dr. Tim Nohara (President and Chief Executive Officer, Accipiter Radar Technologies Inc.): It's a pleasure seeing you again. Thank you for having me, Madam Chair and committee members.

Good afternoon. My name is Tim Nohara, and I'm the president and CEO of Accipiter Radar, a Canadian high-tech company located right here in Niagara at the centre of the Great Lakes-St. Lawrence Seaway shipping system.

The shipping system is a critical, green, binational marine superhighway that reaches throughout the Ontario-Quebec continent gateway and trade corridor. About 70% of our trade with our southern partner is done through here.

To maintain and grow vital trade assets requires investment from Ottawa, such as the \$4 billion investment in the Gordie Howe bridge, but our competitiveness, job growth, resilience to climate change and terrorism, safety, and environmental protection depend on more than bricks and mortar. They require investment in smarter trade, and smarter trade is both greener and safer because it maintains operational fluidity. With a small investment, Canada can position itself to become the global leader in smart shipping right here where intermodal shipping logistics are optimized in real time.

This investment would be in the form of shared maritime domain awareness technology that would be distributed among ports, the Great Lakes, and the seaway throughout Ontario and Quebec, and accessible by all transportation stakeholders to provide decision support and system-wide collaborative decision-making.

We've all experienced traffic congestion on highways and bridges. We speed in segments where traffic is light, only to hit the brakes and crawl or stop for minutes or hours where there is congestion. We understand that our travel time would be considerably shorter if traffic was spaced out more evenly and if we reduced our speed by maybe 10% or 20%. In addition, we would emit a lot less greenhouse gas and accidents would be fewer.

The same thing happens on the Great Lakes-St. Lawrence Seaway shipping system. A cargo ship or cruise ship may be transiting over 3,000 kilometres from Quebec City to Thunder Bay. En route, the vessel goes full steam, only to hit several slowdowns along the way, often caused by pleasure craft. This results in significant wastage of fuel, which is the number one cost for shipping. If the slowdowns could be predicted, ships would slow down during those segments, saving fuel and reducing greenhouse gases, but no one knows where the pleasure craft are.

Pleasure craft hugely outnumber ships on this marine superhighway, in the same way cars outnumber transport trucks on our paved highways. Pleasure craft are often responsible for these slowdowns as they unintentionally block shipping lanes and access to docks. If harbourmasters and vessel traffic managers knew where pleasure craft were causing obstructions, the authorities could be dispatched to disperse them in order to avoid the slowdowns.

Because there is considerable uncertainty around when a ship will arrive at its designated terminal or berth, the just-in-time arrival of logistics handlers who load and unload freight to and from ships to another transportation mode such as rail or truck is not possible today. If logistics personnel could better predict ship arrival times, they could coordinate intermodal transfers more efficiently. You see, smarter shipping requires a real-time shared understanding of what the traffic looks like, especially pleasure craft, so stakeholders can do their part to manage flow, individually as well as collaboratively, across the shipping system. Investment in shared maritime domain awareness technology is the way to fill this critical traffic awareness gap on the marine superhighway.

We are a pioneer and global leader in this technology, which combines radar information systems and big data analytics—AI—to provide decision support to stakeholders so they can be smarter about managing their shipping operations.

Accipiter is partnered with Canada's leading transportation logistics research institutes in Quebec and Ontario, with our shipping companies in all the major ports in Ontario and Quebec, with the Seaway, with the Council of the Great Lakes Region, and with others. This creates a shovel-ready technology project that could greatly leverage and enhance this Great Lakes-St. Lawrence Seaway shipping system and the continental gateway, and propel Canada as a global leader in smarter shipping for the benefit of Canadians.

This project is also very well aligned with Minister Gernsheim's transportation 2030 plan, the oceans protection plan, and Minister McKenna's Great Lakes protection initiative.

• (1520)

I look forward to answering your questions.

The Chair: Thank you very much.

Mr. Timms, welcome.

Mr. Roy Timms (Board Member, Former Chair, Niagara Industrial Association): Thank you.

Madam Chair, members of the standing committee, I'm Roy Timms, a past chairman of the Niagara Industrial Association, and I'm here today representing our 220 members, who manufacture about a billion dollars' worth of goods per year. Together the association has prepared this submission for your consideration, and we thank you for the opportunity.

We believe in Niagara's future as a critical Canadian trade hub and a vital contributor to our country's economic well-being. Niagara has significant untapped potential and far too much idle opportunity. Niagara is well positioned as a next-generation strategic transportation corridor. We are located between Canada and the United States and boasted \$105 billion in trade value crossing our borders in 2015. Three-quarters of the St. Lawrence Seaway's \$34.6 billion in economic activity passes through the Welland Canal, which runs through the centre of the peninsula.

Niagara is a day's truck drive in any direction to a growing 140-million-person marketplace in Canada and the United States. We've also been designated as Ontario's first foreign trade zone point. Niagara is a major hub and intermodal freight transport point. We

have significant potential for growth. Our proximity to the U.S.-Canadian border is unique. We have inexpensive available land, tidewater shipping access, and a class A rail access connecting to American rail carriers. We also have a short rail line running the width of the peninsula. We have a well-maintained highway network plus a world-class affordable standard of living for new residents.

All told, this gives us a unique situational advantage with tremendous potential to become a hub that complements and reduces overburdened corridors such as the GTA. Ontario and the north-eastern United States are forecast for continued growth. Niagara has the potential to accommodate significant increased transportation of Canadian raw materials and finished goods for decades to come. We are certain that creating this trade infrastructure in Niagara is an important piece for ensuring the development and sustainability of Canadian export trade.

We believe the Canadian trade corridor strategy should leverage all this opportunity and natural advantage by implementing enhancements to the road, rail, bridge, and waterway networks creating corridors more accessible to Niagara's industrial sector and employment lands.

Of primary importance, we have a pressing need for faster, more reliable U.S. border access across congested Niagara international bridges. We envision a connection from Buffalo to the Hamilton airport to the Brantford—Kitchener-Waterloo—London corridor utilizing a mid-peninsula highway. This would be a new highway that has been under consideration for quite a while.

Stakeholders agree this powerful link will unleash a strategic bottleneck that is vital to the future economic development of southwestern Ontario. The proposed mid-peninsula highway is undergoing environmental assessment. We urge the federal government to add its support and financial underpinning for the project.

In addition, the strategy would be connected to the development of industrial commercial parcels that have been vacant for far too long along the Welland Canal. As you know, a major transition is taking place with the St. Lawrence Seaway Management Corporation. It's now involved in a federal review, studying possible opportunities for development.

Niagara is a clear candidate for that kind of change. Other ports along the seaway have grown and prospered, but the lands along the Welland Canal have remained stagnant for the life of the agreement.

● (1525)

This is not to cast blame on the seaway for the stagnation, because land development is not their core business, but it is time for a new focus, with energized lead players focusing on the underutilized federal asset, the employment lands along the Welland Canal.

A Niagara trade corridor strategy should also include a corresponding industrial investment strategy that creates jobs to rezone new lands—

The Chair: Mr. Timms, I'm sorry to interrupt, but the committee has questions, and we only have so much time.

Mr. Roy Timms: Fair enough.

The Chair: What you didn't get in, maybe you can get in when you respond to a question.

Go ahead, Mr. Jeneroux.

Mr. Matt Jeneroux: Thank you, Madam Chair.

Thank you all for being here today.

We heard from Algoma Central Corporation that keeping the Welland Canal open longer would significantly impact in a positive way the economic benefit of the region. Is that sentiment shared by those of you at the table?

I'll start with you, Mr. Timms.

Mr. Roy Timms: Yes.

Mr. Patrick Robson: I would say to not only keep it open longer but also recognize it as not simply a 26-mile-long pathway but also as a harbour and port for which there are other potential docking facilities and intermodal transportation activity. I think not only will the tonnage go up significantly, but the usage will reflect all of that.

Mr. Verne Milot: We have an example with Junghunzlauer in Port Colborne, where they even use freighters in the wintertime as a method of grain storage when it can't be transported. They store grain on them and use them throughout the winter.

Albeit as a result of an environmental catastrophe, we're still getting warmer winters, and it becomes easier, but with that period shortened, the freighters can still be used for other purposes.

Dr. Tim Nohara: I think I can comment on that now. With regard to the ice conditions, this past season we saw a Fednav vessel stuck in snow lock and the seaway forced to remain open for an extra week. Better ice monitoring, which the shared MDA technology I spoke of can deliver, cannot only help keep it open longer but help shipping companies. That's why they're co-operating with us: to know the nature of the ice and its flows through the choke points in the rivers so they can get in another one or two runs a year.

Mr. Matt Jeneroux: Right. The seaway has commented that keeping it open longer wouldn't have made any impact anyway in seven of the 10 past years. Comments about that would be helpful.

Mr. Patrick Robson: The way I'm challenged to look at that is that they will read it based on past trends as opposed to how can they mine the asset and make it more productive.

I believe if there's investment being made in the utility of the asset for more multimodal transshipment activity, including pre-border

logistics, I don't think those past trends are going to be an indication of future performance.

● (1530)

Mr. Matt Jeneroux: That's interesting.

Shifting gears a little bit, you guys spoke of it and we experienced it yesterday coming from the airport here. Previous witnesses have spoken about the obvious need or desire for increased road travel, for highways. I've lost track, but I think there were at least one, two, or three possible requests for additional roadways.

Do you guys feed into municipal requests for priorities, which then feed into the province, and then feed into the federal government?

I'm from Alberta, and that's the typical method we seem to follow, but it would seem odd to have requests here saying you need this roadway, and then the federal government would jump in and say, "Great, a roadway. Now get on board, province and municipality." It seems to work the other way up.

Is there a problem with the ways these are being ranked? Is there a preference that the ranking be different than what it is? I think it would be helpful to hear some enlightening facts on how it works in the region here.

Mr. Patrick Robson: I can try that.

I think your read is that you will get pressure, lobbying, or influencing coming from the local level depending on the degree to which that particular locality sees the pressing need. In a place like Niagara where the economy's been in transition, it's a stronger urgency. Now you have to layer that on to whether that's what your neighbouring municipalities want to accomplish. At the same time, how does it fit in potentially with a larger strategy?

Having been involved in the environmental assessment process for the mid-peninsula transportation corridor, I think that one of the things that needs to be wrestled to the ground very quickly is delineating the movement of people and the movement of goods, because if we do that, then I think our options become clearer: while it's a road, maybe it's a road and rail after an emphasis on ways that help to make that separation better and more effective.

The Chair: Thank you, Mr. Robson.

Mr. Badawey is next.

Mr. Vance Badawey: Thank you, Madam Chair.

I have to preface my comments with the following statement. Under the new norm with respect to the need to diversify our trade patterns—to be less reliant on the most obvious market, which is the U.S. market—it is evident that Ontario plays a major part in the economy of Canada with respect to our GDP. For example, when we see a GDP level of about \$795 billion, or \$56,900 per capita, it's quite evident how we participate in the success of our country's overall economy.

It was mentioned earlier how underutilized the seaway is and how underutilized our current assets are. It seems that the capital is there, and the bricks and mortar, and of course the incentives are there. For example, it has been recognized as a foreign trade zone point.

What more can be done? How do we formally recognize the trade corridor? How do you participate in that? What investments are needed to bring Ontario to the next level of performance, allowing our country to strengthen our international trade performance?

Mr. Roy Timms: Mr. Badawey, you touched on the unused lands around the Welland Canal, and I think that's a big key. The port of Hamilton now is full. It has no capacity anymore.

There is about a 20-mile stretch of canal where the federal government owns significant lands on both sides of the canal. The lands are undeveloped. The municipalities would welcome opening those lands up for economic employment lands.

I think that's key. I think the mid-peninsula highway is key because the idea behind the mid-peninsula highway is to join Niagara Falls to Hamilton and to the existing 400-series highways from Hamilton to London. That would speed up the traffic flow significantly.

Those are two key things.

• (1535)

Mr. Patrick Robson: I believe that's similar to the port of Montreal. Again, I'm a planner. The port of Montreal has functioned as a break bulk point where transshipment activity takes place.

If we're talking about international trade and particularly about being able to capitalize on the interior of the continent with places such as Europe, I think that we should be making the Welland Canal function more as a break bulk point with infrastructure for things like rail-on-apron. As Mr. Timms pointed out, that becomes the enabler for additional industrial activity and value-added manufacturing, and it allows us to perhaps be a little less reliant on one channel of trade.

Mr. Verne Milot: I think—and this is partly the answer to Mr. Badawey's question and also Mr. Jencroux's—that there certainly are going to be people along the existing congested QEW corridor who are going to want to say, "Let's keep all the traffic going here."

Let's take a silly analogy of most living organisms: We have doubling of all the parts that we need to survive. We have two eyes. We have two arms. If we only had one eye, we'd no longer survive.

If you look strategically at the vulnerability of the QEW, you will see that it's high. It's over-congested right now, and we need to create another arm. At least that way we will have doubled perhaps the most vulnerable land trade corridor in Canada. Over and above that, we can justify it economically.

We're opening up lands for growth that are empty right now in an area that is not congested. I think it's fundamentally simple to look at it in that regard.

Dr. Tim Nohara: I'd agree with colleagues, but I'd like to take a more 21st century approach, which is that we can do things smarter.

We need the bandwidth where we have the choke points, but moving cargo from ship to port, to terminals, to logistics handlers, to truck, to rail.... We're adding a new major bridge in Windsor-Detroit, the Gordie Howe bridge, and getting the trucks off the bridge, getting them to the points where they get to rail and to ships is smarter work. I think that not only can this corridor lead in the world,

but Canada can lead the world in terms of logistics handling and intermodal movement.

That's a piece that I'd like to direct specifically in answer to your question. We can absolutely use more capacity at choke points, but we can be smarter about leveraging the investment and the capacity that we have.

Here in Niagara, and in Ontario and Quebec, I like to view this marine superhighway as a continental marine superhighway. There's great opportunity to leverage those assets with smarter movement of goods and people.

The Chair: Thank you very much.

Go ahead, Monsieur Aubin.

[Translation]

Mr. Robert Aubin: Thank you, Madam Chair.

Mr. Nohara, your opening remarks really resonated with me. So I'm going to jump into the discussion we have already started with you.

At this committee, we are often told that Canada is falling behind in some areas. Yet you said that Canada could be a leader in smart traffic. This means that there is no country on the planet that has the expertise you are talking about and that Canada could be among the first countries to have it. Is that correct?

[English]

Dr. Tim Nohara: Yes, sir, that's precisely what I'm saying.

If you look in Quebec at CIRRELT, which is a global leading research institute on trade and logistics, and here in Ontario at the University of Windsor's Cross-Border Institute, you see that we have tremendous expertise on logistics that parallels our American and European counterparts when it comes to the tracking and movement of trucks. We can put GPS on trucks. We know where they move. We can build models for the distribution points—export and import—including the choke points and how we move that off. However, we go dark when we bring the intermodal connections into the marine domain. We're blind in the marine domain.

CIRRELT and CBI have partnered with us. They recognize that if we could collect the big data that shows in real time and historically the connections between the terminal and the logistics and the routes and the trains, and then connect that to the marine domain and deal with the pleasure craft and the obstructions we face in the marine domain, that data can be mined. It could be mined not only to provide real-time congestion traffic management across the whole system but also to build and learn from where the obstructions occur and then build best practices.

They say on the research side that we would indeed be the leader, by far, in a world where nobody has tackled that problem. We have all the pieces right now.

• (1540)

[Translation]

Mr. Robert Aubin: In other words, the only way a system like that can work is, if all partners are connected to the same network. We can sell the principle of technology all we want, but if not everyone is connected, we will end up with the same problems.

To obtain those data, should the federal government take the lead and impose such technology on all the partners? Otherwise, it remains a fine objective, but the results will be more difficult to achieve.

[English]

Dr. Tim Nohara: Your observations, again, are hang on, sir.

What you may be lacking is that we have the technology today for what we call shared maritime domain awareness, or MDA. It has been developed over the last 15 years because of post-9/11 concerns, but now it's making its way into the commercial and shipping and logistics handling areas as an application.

The Canadian government has strategies at the highest level across all federal departments. In fact, the interdepartmental marine security working group, which is a group of Transport Canada, recognizes the need for federal partners to share MDA.

We have Canadian technology. It's been fielded in small-scale full operations, so we're ready to go. It requires no IT infrastructure, other than your cellphone or mobile device or computer, and access to the Internet. It's already being used in small pockets around this system, the Great Lakes-St. Lawrence Seaway shipping system. It's ready to go.

Expanding the infrastructure so that we can see the entire system and the connections: the training, the ports, terminal operators, seaway users—all the stakeholders—and giving the shipping companies and their planning and marketing groups these tools is what will then result in decision-making that will benefit them. The researchers giving them that big data is what will allow them to look at the patterns, understand the spatial and temporal variations, and then design solutions that would alleviate problems and develop best practices in those areas.

It's a new data source. We are literally mining, both at the raw and refining level, a whole new industry.

The Chair: You have time for a very short question.

[Translation]

Mr. Robert Aubin: To wrap up this topic, I would like to know whether, in your opinion, implementing this system, if at all possible, will delay or eliminate the construction of new highways.

[English]

Dr. Tim Nohara: No, it wouldn't delay it. It would add to operational efficiency. There's nothing that ties the two—

[Translation]

Mr. Robert Aubin: Perhaps my question was not clear. I wanted to know whether, if the system were to be implemented, building new highways could be avoided.

[English]

Dr. Tim Nohara: I'm not an expert in the highway area. My gut tells me that it wouldn't necessarily change the need for the mid-peninsula corridor. In the future it could possibly change, once you have the operational efficiencies, but I don't believe it would change the need right now.

The Chair: Okay, we move on to Mr. Hardie.

Mr. Ken Hardie: Thank you, Madam Chair.

Mr. Robson: I think most of my questions are going to come to you.

I worked for the Greater Vancouver Transportation Authority. We did an awful lot of planning and visioning. There's an economics principle: If there's a limited supply of something, and a suppressed cost for it, you end up with rationing. When it comes to roadways, the rationing takes the form of congestion. While we look at the concept of a mid-peninsula highway, experience would show that in no time it's going to be filled with general-purpose traffic. The question then becomes, what kind of policy issues or mechanisms, in addition to the technological ones, could be used to ensure that higher-value traffic gets priority?

Should we be thinking about road pricing and all the rest, demand management in a larger envelope that has an awful lot more things going on in the peninsula and right up to the GTA than just the movement of goods and services? You have people being displaced because of high housing costs in Toronto, so they're moving farther out and they want to commute. It's a real mixed bag of things going on, but the pattern is that if you build it, boy, they will come in spades, unless you manage it. What are your thoughts on that in the context of this region?

• (1545)

Mr. Patrick Robson: Thanks so much for the question.

I mentioned previously the movement of goods and people. It was actually from Metro Vancouver that I heard a great turn of phrase, and it has to do with mass transit, which works better if you bring many people to a few places, not a few people to many places. I believe the same applies to your question. For instance, if we talk about the way we move people and goods, if there's an appropriate separation, what is the functionality of what we're building?

We don't have to go very far. You can find it in the United States. They have a lot of limited-access expressways. They do not create an interchange at every possible crossroad, bringing the development pressure that you rightly point out. You have other public policy tools. It could in fact be a form of fee-for-service roads, that type of thing, available to you. But I think the primary one among them is limited access, only at the most appropriate juncture points.

We've talked about the Welland Canal. That would be a natural one. I might not be popular for saying so, but I would think that if you were to focus on limited access, we'd have maybe three, four at the most, interchanges throughout the peninsula. The balance would be part of what we can manage and capitalize here, but also recognizing that it's still a throughput.

Mr. Ken Hardie: Very good. That's it.

The Chair: Thank you.

Mr. Iacono, go ahead.

[Translation]

Mr. Angelo Iacono: Thank you, Madam Chair.

I have a few questions for Mr. Nohara.

You have piqued my curiosity a little bit. In your speech, you stressed the importance of investing in smart shipping. Unfortunately, it is only recently that I heard about the concept of a smart port. I suppose the practice is likely to grow, given the evolution of new technologies.

How can automation and vehicle autonomy support activities in ports?

[English]

Dr. Tim Nohara: I'm not sure that driverless vehicles themselves would have a direct impact on port operations. I'm definitely not an expert in that area. The issue, as I understand it, is more that the stakeholders, the logistics handlers, at the terminal facilities.... The ports themselves do not understand where they are—when the ships are coming in and the appointments that have been made between the terminal operators and the shipping companies. That knowledge is not shared, so it's that lack of awareness that I understand is creating the inefficiencies at that nexus.

[Translation]

Mr. Angelo Iacono: Is that what you call smart commerce? What does smart commerce entail exactly?

[English]

Dr. Tim Nohara: I call it smarter shipping, but it's the same word. Let me give you some examples. It's the best way to illustrate it.

Mr. Angelo Iacono: Who should be doing this now? Is it the government, or is it the ports?

Dr. Tim Nohara: We should. To use a hockey analogy, to do anything smarter is team play. Whether we're a shipping company, the seaway, the government, the regulators, Transport Canada, we all have an individual role to play. This is voluntary team play because it makes us all better. It's system-wide and enterprise-wide.

For example, there is the operational fluidity I mentioned in my opening remarks, about congestion with respect to pleasure craft. Let me give you a few more examples.

We have environmental concerns. We have climate change and high water levels. In the last couple of seasons, we have seen high water levels. What happens? We have ships, especially foreign ones, moving through our waters for trade. The water level is much higher. We have been flooded here in the area. They can now carry more cargo. It's what they are going to do. They are going to move more

cargo. They don't reduce their speed. Now the power of the wakes they are creating is causing massive infrastructure damage at the shoreline. Part of the smarter shipping would be recognizing the connection between climate change and actual operations.

There are many examples like this that come from the stakeholders, the community itself. There are the right whales. We need to enforce the speed of vessels through corridors. We have ice in this region. We use hydro in Ontario and Quebec. We're very proud of our hydro generation, our clean power generation. Would you believe that the operational efficiency of the generation of that power in dams relates to the underwater ice structure in the winter months, and that relates to the speed of the ships during the freezing?

• (1550)

Mr. Angelo Iacono: On that example, I can say that it's mainly the port's responsibility to upkeep itself, to improve itself. It wouldn't be a government thing.

Second, if that is the case.... I'll make a reference to my port in Montreal, which I visited recently. They are the ones who brought to me the concept of intelligent ports. When they said that, I asked whether they have visited Laval. This is the riding I represent, which is one of the one or two ranked smart cities.

When we're focusing on smart cities, what are the ports focusing on? Is it going to be an intelligent port city, or what is it exactly? People from the Port of Montreal are going to visit the city of Laval, the STL, which is the urban transport system, to get a lot of their tips with respect to intelligence.

In this case, given that some ports are already using technology somewhat, is there a sharing of information among all the ports of Canada?

Dr. Tim Nohara: There isn't as much today, but that's what I'm proposing. Sylvie at the Port of Montreal is one of our strong supporters in this shared maritime domain awareness. You are correct. It does connect back to smart cities.

Here in Niagara, we're dealing with a technology from a marine component we're just installing right now with OPG. It's going to support firefighters and search and rescue. It's going to support the marine units that are municipally funded. When they get a call and they don't know where somebody is stranded, that sharing of maritime domain awareness is going to give them a better fix so they can spend fewer hours in search.

Mr. Angelo Iacono: What do we do with pleasure craft? How do we solve that problem?

Dr. Tim Nohara: It's more about that fact that, first of all, if you know where the congestion is, you can plan. If they happen to be at a choke point, the harbour masters tell us.... They are all part of this initiative and well understand smarter shipping. They have a relationship with the marine units, and they will dispatch them and say, "I have a ship that has an appointment in two hours at my dock facility. There's a fishing group going on right now. Can you move those vessels down so we don't have to stop at an anchorage point after the ship has been full steaming, burning fuel and pumping greenhouse gases into the environment?"

Mr. Angelo Iacono: Thank you.

The Chair: I understand that Mr. Badawey has a question or a comment.

Mr. Vance Badawey: Thank you, Madam Chair.

I just have a short comment. It goes to Mr. Aubin's comments with respect to the need to help facilitate and to take the next steps so that we can take all this technology and all these ideas and come forward with a trade corridor strategy specific to southwestern Ontario, and then how it fits into the national agenda as it relates to the national transportation strategy.

My question to you folks is this. With that said, and with us trying to facilitate that discussion, what is your opinion or what are your thoughts on how we actually take the next steps? What is the take-away? We—as in the hockey analogy, “we”—talked about other areas.

Mr. Robson, you mentioned passenger movement. High-speed rail is another example. I know that Mr. Aubin is very much interested not only in railway safety, but also in passenger railway.

When you look at that and walk away from here today and it becomes Tuesday tomorrow, what are the next steps you expect? Also, what would you be willing to participate in?

Mr. Patrick Robson: Thank you for the question. I just have a couple of points on that.

First, we've heard the term “collaboration”. We have multiple jurisdictions. Having worked in a binational area for a number of years, I note that the first thing you do is establish your common objectives. If you have agreement upon those, how you deliver on them is the stuff of concerted effort.

My other comment is that we also talked about integration of systems. Integration is not a concept. It's a verb, so at some point there has to be a strong statement to say, okay, now is the time. If there are partners, levels of government and industry that want to be part of the solution, they have to jump in and actually act in that fashion. That requires collective will and, I believe, some leadership. Certainly, in terms of things like borders policy and programs that come from that, I believe they're a good trigger for prompting that kind of integrated action.

• (1555)

Mr. Vance Badawey: How much time do I have?

The Chair: You have about two minutes.

Mr. Vance Badawey: I'm going to ask you guys to go further on that, but I have to make this comment before I run out of time.

I have to congratulate and thank the committee for taking this opportunity to come down here. Although we all belong to different parties and wave different flags, there is sincere thought and a sincere effort to further this agenda because of the need nationally, albeit we're here to discuss one region in a national agenda.

The reason I say that—not only in appreciation but also with respect to the next steps and the leadership role this committee can take under our fearless leader, Chair Sgro—is to actually take those next steps and help facilitate, take a leadership role and do exactly what Mr. Nohara was speaking about earlier with respect to putting all these pieces together.

Dr. Tim Nohara: I've travelled the country, and we've deployed solutions across the country into the United States and around the world. I'm a very proud Canadian.

One thing I recognize is that this region.... The Great Lakes seaway is bigger than Niagara. It's the entire 3,700-kilometre border through the middle shipping trade corridor, which hits all the next points along the way, with Niagara of course being at the centre. This is a vibrant, hugely valuable asset.

I do binational trade and international trade. I want to be here, but we need this region, this area recognized for what it is. I also believe that if it's recognized we can make a contribution nationally and internationally. We're equally active on the west coast, and a little less so on the east coast. With the contribution we can make by doing the kind of work that you ask questions about, and with the big data and the research institutions here in Niagara and in Quebec and Ontario, and exporting that around the world, I think it's just very impressive.

I'd like it to be recognized. I'd like all the partners recognized. You talked about smart cities. All the CEOs from the major ports and small ones are part of this initiative in terms of a dream, in terms of recognizing it. If we're recognized, I think we might be able to attract the investment. The collaboration is already there.

The Chair: Thanks very much, all of you. This has been a very interesting panel.

We will suspend now for 15 minutes for a tea break.

• _____ (Pause) _____

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• (1610)

The Chair: I call this meeting back to order.

From the John C. Munroe Hamilton International Airport, we have Cathie Puckering, president and chief executive officer. From WestJet Airlines Ltd., we have someone we know very well, Andy Gibbons, director of government relations and regulatory affairs.

I'll open it up for five-minute remarks from each of you, and then we'll have questions.

Ms. Puckering, go ahead.

Ms. Cathie Puckering (President and Chief Executive Officer, John C. Munro Hamilton International Airport): Thank you.

Good afternoon, Madam Chair and members of the committee.

My name is Cathie Puckering. I am president and CEO of the John C. Munroe Hamilton International Airport. I hope this day has been informative, and I'm very fortunate to have the opportunity to add to the conversation.

The airport is a key stakeholder, enabling the movement of people and goods in this vital transportation region. Our feedback for potential solutions will provide the Government of Canada with our perspective on ways to improve both infrastructure and key linkages across the corridor.

The Chair: Could you slow down a bit? The interpreter is having difficulty keeping up.

Ms. Cathie Puckering: I'm proud to say that we're the fastest-growing airport in North America. Almost 600,000 passengers flew from Hamilton last year, an outstanding increase of 80% thanks to the market stimulation being created by the entrance of low-cost air carriers. The federal government has recognized the growing consumer demand for low-cost travel and enabled new entrants to our market.

We are also Canada's largest overnight cargo airport. We facilitate the movement of goods across the country, into northern communities, across the border and into global markets. In 2017, our cargo grew 14%, a result of e-commerce activity and high-value and time-sensitive goods such as pharmaceuticals, perishables and automotive parts. Our partners are extensive and they chose Hamilton for its strategic location, acting as a key link between the ground network and global markets. Our region is broad. With a 12-hour drive, you can reach key markets such as New York, Chicago and Boston.

Growth creates demand for aviation-related services. Maintenance facilities are expanding and in need of a highly skilled yet constrained workforce. Developers in industries such as aerospace manufacturing are signalling interest to build on our land. Emerging opportunities are attributed to the fact that we are part of the GTIA, a population of 9.2 million people, yet disadvantaged by having only one major mobility hub, unlike U.S. metropolitan areas with similar population sizes that have at least two.

We are part of the Southern Ontario Airport Network, a group of the most commercially significant airports in southern Ontario. More than 110 million passengers and over one million tonnes of cargo will flow through this region by 2043. These opportunities align to our vision—to be recognized by the world as the best global gateway in Canada for affordable travel and goods movement.

Three key matters, with your support, will enable our growth potential.

First is the need for adequate transportation infrastructure. Increased activity and aging infrastructure exist in Hamilton, and airfield rehabilitations are costly. Our 24-7 operation supports diversion activity from Toronto airports, adding further pressure on our infrastructure to support the region. Moving people and goods efficiently through security and border crossings is challenging, and commitment is needed from CATSA and CBSA to reduce bottlenecks. Infrastructure must be viewed as a key government priority by further supporting growth opportunities.

Second is the need for reducing costs and relaxing rules. U.S. tax structures are much lower and compete with those in Canada. Each year, five million Canadians drive through U.S. borders to fly with low-cost carriers. Let's repatriate these travellers back to Canada.

Finally, there is a need for integrated intermodal connectivity, a viable ground network system that links our airports to all markets. The mid-peninsula highway would traverse the central part of Niagara region parallel to the Queen Elizabeth Way and connect to Highway 401 to provide congestion relief and unlock a key trade corridor.

As governance is split between municipalities and the province, it is difficult to implement plans to address congestion and coordinate improvements. Truck drivers will say that it takes them three to nine

hours to cross the border. This is costly. Highway congestion challenges the timely and efficient movement of goods by truck, where minutes do matter.

The government understands the importance of Canada's trade corridors, which are key to the success of doing business in the global marketplace. I want to commend its leadership.

The Hamilton airport is a critical link in the supply chain of Canada. As low-cost travel emerges and cargo activity exceeds global forecasts, some may view our recent successes as an experiment. However, since 1996, under private management of an airport that was deemed surplus by the government, we continue to be a creator of jobs and an economic engine for the region.

Together with our partners, who have invested and committed millions in facilities and training for the future to ensure success and seize the enormous market opportunities, the role of the government must be investment in its vital transportation network, very much inclusive of the John C. Munro Hamilton International Airport, as underscored by our address today.

•(1615)

Thank you.

The Chair: Mr. Gibbons, go ahead.

Mr. Andy Gibbons (Director, Government Relations and Regulatory Affairs, WestJet Airlines Ltd.): Good afternoon.

My name is Andy Gibbons. I'm WestJet's director of government relations and regulatory affairs. It's my pleasure to be here today to join you in a timely and valuable discussion about transportation corridors and the movement of people and goods.

On behalf of over 14,000 employees of the WestJet group, I thank you for your interest in how our investments are growing the economy in this region, and our recommendations on government policy overall.

Our investments in growth over the last 22-plus years have led to lower airfares for Canadians, overall market stimulation, and incredible job creation in many sectors of the economy, including aerospace, tourism and regional economic development. Our success in a very tough low-margin industry has been hard-earned.

I will focus my remarks today on our current investments at John C. Munro Hamilton International Airport, which we have chosen to be the eastern hub for our ultra low-cost carrier, Swoop. Abbotsford, British Columbia is our western hub. The good news is that Abbotsford is in the west. As for Hamilton, that clearly depends on where you are geographically located. Air service in this region has had its ups and downs, but with our valued partner we are witnessing some very positive news. Stakeholders in this region have asked for years for a company to invest and grow this market. We are so pleased to be in the initial phase of meeting those demands.

Prior to that, I would like to touch briefly on some of our current investments that are relevant to Canada's overall trade corridors and how we are furthering those objectives.

The first is that we are Canada's Atlantic gateway airline. We serve four destinations in the U.K. and Europe from both Halifax and St. John's. From Halifax, we have service to Paris, London and Glasgow, and from St. John's we have daily service to Dublin, Ireland. In developing an Atlantic gateway, our investments are driving the aviation side of leisure.

Second, we have signed a joint venture with Delta Airlines for Canada-United States transborder service. This agreement requires regulatory approval on both sides of the border, but when it takes effect it will have a positive impact on the integration of Canada-U.S. aviation networks. This is an area of aviation that will benefit from increased competition and choice and our partnership with one of the world's best global airlines to enhance economic connections and opportunities between our two countries.

Third, in a few months we will be taking delivery of our first Boeing 787 Dreamliner. Canada will have two global network scheduled carriers for the first time since Canadian Airlines went bankrupt. This is an incredible achievement for an airline that started with three planes in five cities in 1996. We are looking forward to bringing more of Canada to the world and more of the world to Canada.

With respect to our current investment in developing a low-cost hub in Hamilton, I have a few notes.

Service began in June with domestic service only to Abbotsford, Edmonton, Winnipeg and Halifax. This October, service will commence to Orlando, Tampa, Fort Lauderdale and Las Vegas, and December marks the launch of service from John C. Munro Hamilton International Airport to Montego Bay, Jamaica. Currently, we are operating at over 95% load factors. We are seeing many first-time flyers, and we are beginning to see U.S. licence plates in the parking lot at Hamilton airport. This is a superb development that we're very proud of.

Because of the unique cross-border element here in this region, government policy with respect to aviation is critical. I have a few notes.

Buffalo airport openly boasts of two million Canadian travellers last year. They cite government fees and third party charges; that the airport has very low operating costs; the 12-minute wait times at security; and low parking charges. This competitiveness gap has nothing to do with our airline or Canada's airlines. It is 100% related to our cost structure and user-pay system. I'd encourage all

committee members to review the website of the Buffalo Niagara International Airport. They aren't shy about how much economic activity they are taking from this region. The cost structure that Canadian air carriers operate under is of importance to this region and its ambition to continue to build.

Given that importance, we recommend the following to this committee, and we'd be pleased to follow up with submissions.

One, to ensure the flow of people at border crossings at Canada's airports, the committee should recommend a review of facilitation services to ensure intermodal equity, world-class standards and cost competitiveness. This should include CBSA and CATSA.

Two, to ensure Canada's global access to markets through air, the committee should recommend that the government review Canada's aviation cost structure with the aim of reducing barriers to growth. This should include all fees levied on Canadian travellers and should be comprehensive.

• (1620)

I would be happy to take your questions on these matters.

Let me thank you for your interest and your time to hear from us today. We value and appreciate our relationship with the communities and elected representatives at all levels of government.

Thank you very much.

The Chair: Thank you, Andy.

Mr. Liepert, go ahead.

Mr. Ron Liepert: Thank you, both, for being here. You touched on our cost structure, and I want to pursue that a bit. This particular study is relative to trade, but in the 21st century, trade isn't just goods; it's people. We have business travellers every day filling up airlines, going back and forth between Canada and the United States. My comment, then, will be more about the cost of people travel versus the cost of goods travel.

I don't think many Canadians realize what portion of airfare goes to the airline versus what portion goes to a whole bunch of other folks. Here's one way to realize it. Let's say I travel to my place in the United States and I book using WestJet dollars. WestJet dollars will cover only the cost of the ticket. When I leave Canada, I get billed about \$125 in fees and service charges on my Visa card. My return trip is about \$57. Both are in Canadian dollars, not U.S. dollars.

Do you have any comment on the fees and what kinds of things this committee could be looking at in that area?

• (1625)

Mr. Andy Gibbons: Thank you for using WestJet dollars to book your travel.

Voices: Oh, oh!

Mr. Andy Gibbons: We really appreciate that.

It's a big subject area. A couple of years ago, the Canadian Chamber of Commerce identified the cost of travel as one of their top 10 barriers to economic growth. We don't like to talk about it in strict commercial terms. It is a larger economic issue.

Your question is about where to start. I think we need to start with a review of all third party fees and surcharges on Canadian tickets. Then we can have a shared understanding of what the lay of the land is. Transportation 2030, which is the government's transportation plan, talks about costs. It says that lower costs will provide more opportunities for travel and make it more attractive to come to Canada.

So it's a shared objective, but decisions have to be made. Tying the air traveller security charge directly to screening is one example. Taking a very close look at the impact of a price on carbon for aviation would probably be number two. Three, I think we're looking forward to potential changes to airport governance and public accountability. That's something that was in the Emerson report. We look forward to potential movement in that regard.

Mr. Ron Liepert: Yes, the business folks I talked to in Alberta definitely expressed concern about the structure of our airport authorities, how they are structured and maybe not having enough input into who's on the airport authorities. Is that something you might suggest we take a look at?

Mr. Andy Gibbons: I would suggest you take a look at it. The comparison we like to make, Mr. Liepert, is that there is a Canada Marine Act that governs port authorities. There are elements of that act with respect to governance and with respect to appeal mechanisms. Nav Canada has an appeal mechanism in charging principles. Mr. Emerson found in his report that perhaps there are some areas to improve with regard to airport authorities and their governance.

You know, Canada's airports have had a lot of success. We have really quality infrastructure in this country. It's a success story. I don't want to denigrate the work of airport authorities. But when it comes to how shared public assets should be governed, or what's a reasonable burden and whether or not users should have an appeal mechanism, I think those are conversations that we definitely want to have.

The Chair: Thank you.

Mr. Jeneroux, you have two minutes.

Mr. Matt Jeneroux: Toronto Pearson is the largest cargo airport in the country, although I understand that Hamilton is not too far behind in the amount of domestic and foreign transportation of goods. Is there added capacity on the cargo side to be able to expand in Hamilton? What hurdles to doing that would be in your way?

Ms. Cathie Puckering: Hamilton is actually the largest dedicated overnight express cargo airport in Canada. We're currently third or fourth in Canada when it comes to overall general cargo that's moving. We don't move cargo in the bellies of passenger aircraft. All of the dedicated cargo operators in Canada, with the exception of one, are actually based in Hamilton. Cargojet is our largest overnight express cargo, moving about 80% of the traffic today into Canada, the U.S., and global countries in the Caribbean and southern destinations—

• (1630)

Mr. Matt Jeneroux: Do they serve Asia as well?

Ms. Cathie Puckering: They're not currently serving anything in Asia. Their growth plans are looking into that. They have 55 interline and codeshare agreements with other carriers around the world, so they may be point-to-point delivering something into the U.K. and then maybe connecting directly into Asia from that point.

When it comes to capacity, Hamilton is a 24-7 operation and we do not have any curfews. We have infrastructure that will support all the wide-body aircraft that we're currently seeing, which is supporting the growth in the goods that are moving through the airport. We definitely have capacity to grow. The effects of the increased activity of the cargo are putting some pressure on our infrastructure. We're looking at maintaining that, but we're able to complement the passenger activity by cargo, usually flying anywhere from 10 o'clock at night until DHL arrives as the last flight in the morning at about 6 o'clock.

The growth potential is huge. There's connectivity, though, once it comes into our airport or when it arrives at the airport using the highway system. That's where there could be some constraints in the future, in enabling our operators and our partners to actually sustain the growth plans they have. We can only focus on the infrastructure at the airport, to make sure it's safe and efficient for those quick turns. Maybe down the road, the challenge will be how quickly those goods can come to the airport and leave the airport for their intended destinations.

Mr. Matt Jeneroux: Are you seeing an increase in night flights?

Ms. Cathie Puckering: We're seeing an increase in day flights and night flights, with the growth in both passenger and cargo activity. We have capacity to deal with much more at the airport with the right infrastructure in place. We're not constrained today, by any means, with the amount of product that's moving through. Obviously, with online shopping, we are seeing that e-commerce is generating a lot of the increases in goods. The area we are in—the region, the innovation corridor with advanced manufacturing—is creating that demand.

The Chair: Thank you.

Mr. Badawey, go ahead.

Mr. Vance Badawey: Thank you, Chair.

I have a quick question for Mr. Gibbons. When are you guys going to start flying out of Hamilton to Ottawa? I'll even sit on boxes if I have to.

Mr. Andy Gibbons: Well, as a resident of Ottawa, I would appreciate it as much as you would. It gets asked a lot, so stay tuned.

Mr. Vance Badawey: Hopefully, yes.

Ms. Puckering, you spoke a lot—and we spoke a lot today—about infrastructure: bricks and mortar, working together, operational strategies, etc. One of the things I've noticed in the past, especially in the food industry and now in this industry, with freight, automation and different terminals, is the need for traceability and the advantage of traceability.

Mr. Nohara spoke earlier about technology. Where do you see technology adding to more efficient traceability being part of a strategic direction for us to take in the future when we look at our trade corridor? When we look at the integration of distribution logistics in a bigger picture nationally, and then therefore internationally, where do you see technology allowing us to perform and be strengthened with respect to our global performance in trade? Where do you see that playing into the overall strategy?

Ms. Cathie Puckering: The significant improvements by all of our cargo partners are seeing the need to increase the amount of technology they actually have to operate their businesses. Most of our carriers, such as DHL, UPS and Cargojet—Cargojet is also handling all the goods for Canada Post, Purolator, Amazon and some Air Canada cargo—are heavily reliant on their operation centres and connectivity into the Internet for the timely movement of goods. Today, you're seeing the ability to track those goods with hand-held devices. All of that is creating a need to fundamentally change the way those goods are actually moved through their facilities and through the airport.

One of our partners has actually had some huge success, with full integration of CBSA directly into its facility. As the goods are arriving—actually before they arrive—they've already randomly decided which ones need to be rescreened and they're able to choose a different direction through the sort process so that it's a timely inspection and there are minimal delays getting to the final consumer.

• (1635)

Mr. Vance Badawey: Do you find that it is not only advantageous with respect to our location and the incentive programs we have in place—the assets we have in place all being multimodal—but also with respect to its ability to integrate, not just technology within different sectors but also the intermodal connectivity, as you mentioned earlier, with respect to that technology?

Ms. Cathie Puckering: One of the interesting observations we have been discussing recently is about aerospace manufacturing.

We have two firms that are very interested in locating in Hamilton, and connecting to that supply chain is absolutely key for them. They were very intrigued and interested in the prospect of Hamilton not only being served by an airport and a road system, but having the connectivity into rail and the port authority.

Part of their analysis is actually looking at other ways to move their goods. Their completed projects could be items such as fuselages and wings, which are large, and ways would need to be found to transport them from their manufacturing site to their final destinations. Hamilton is definitely on the radar for having all of those key linkages and will be part of the final decision.

Mr. Vance Badawey: Toronto Pearson has nearly 445,000 tonnes, Vancouver nearly 286,000 tonnes, and Hamilton more than 99,000

tonnes. That places you quite high—I'm assuming third or fourth in the nation with respect to tonnage.

Ms. Cathie Puckering: Montreal sneaked in there as number three in 2017. We were number three until that time, yes.

Mr. Vance Badawey: That said, I guess the obvious question is how we can help you bring that number up.

Are you seeing the trend changing, especially with e-commerce in our region, southwestern Ontario? What more can we do to help facilitate that change, not just for Hamilton airport but also including the other methods of transportation?

Ms. Cathie Puckering: The ground network is very key. We have a cargo centre, a common-use facility, that helps enable the movement of goods through the airport. There are times when goods don't even travel by air. They arrive at the airport; they may get sorted and then they go back out on a truck headed somewhere else.

We mentioned the congestion on the roadways. We hear every day, from DHL specifically, that minutes matter. They do have serious concerns, with forecast population growth and existing congestion, about where that's going to be in the future. They ask those questions, and they're looking for answers when they're making decisions to build their facilities.

Currently, two of our cargo operators are looking to expand. One is very concerned about our area with respect to its connectivity into the mid-peninsula highway, as well as around the 400-series highways.

Mr. Vance Badawey: Are they international? They're not just national. They're going over the border.

Ms. Cathie Puckering: They connect internationally, into Hamilton out of Cincinnati in the U.S. It's a very critical decision, and it could mean that Pearson airport is a better choice or perhaps their global strategy won't take off.

It is a decision that will be made in Germany about choosing a global gateway megahub for the movement of goods and cargo to meet its future demand.

[Translation]

The Chair: Mr. Aubin, you have the floor.

Mr. Robert Aubin: Thank you, Madam Chair.

Welcome to both of you. You are our last witnesses of the day, but I can tell you that you are no less interesting.

Mr. Gibbons, I'm going to start with you, because you very quickly mentioned a problem that I would like you to elaborate on. I am talking about the cost structure between Canada and the United States. It seems that the differences are significant and that this is not necessarily to our advantage.

Mr. Andy Gibbons: Thank you for the question. I will answer in English.

[English]

Mr. Robert Aubin: No problem.

Mr. Andy Gibbons: It depends on what you value most. I wouldn't use the term "more advanced". I'd simply point out that in this region, the economic reality is that an American airport boasts of two million Canadians flying from that facility, and the reason for that is not that American carriers are any better than us at delivering those services. There's an economic equation that we believe should be addressed.

We have a user-pay model in Canada. In the United States, they invest more public funds into aviation infrastructure, and there are lots of pros and cons on each side. We're saying that if we want to continue to build in this region, we need to take a very close look at that gap and work to shrink it as much as possible.

I don't know if that answers your question.

• (1640)

[Translation]

Mr. Robert Aubin: Yes, thank you.

In Quebec, the airports at Trois-Rivières and Sherbrooke would like to become regional airports at the very least, which would allow business people to quickly transit to the largest Canadian centres and possibly to other countries. However, at airports like that, security measures are always a problem. They are allowed to acquire the necessary resources to solve the problem, but only if the municipality in question pays for it. However, this is almost unthinkable for municipalities. In addition, it would increase the cost of plane tickets and make those airports less competitive.

Do you have any idea how the security-related costs could be distributed? Should those fees be charged to passengers across Canada, or should they be charged by airport?

[English]

Mr. Andy Gibbons: That's a very good question. There are a few different parts there.

With respect to security funding, we have always advocated that the money collected from the air travellers security charge be directly allocated to screening services at Canada's airports. That doesn't currently happen. That money does go to other places. The vast majority does go to screening. I don't want to give the wrong impression, but there is an element that does not. We have requested that it be directly tied, given that it is the user-pay model.

On the issue of cost recovery for CATSA services, there were two elements in Bill C-49. One allowed larger airports to top up, and the other allowed smaller airports to basically purchase those services. Until we fix the element that I discussed first, we don't like that trend line. If there are services the government provides to other sectors that are from the public purse, the trend line of cost recovery is a concerning one, and it should be particularly concerning when it comes to regional travel.

Your third part was about regional travel in Quebec. That's been challenging for us. We recently announced that we were ceasing service between Montreal and Quebec City. That is not typical for our company. Typically, when we launch regional service, the fares come down up to 50% and the overall market stimulates up to 70%. That has been true in most of the country. It was not true for that route. We also discontinued another one. The expansion there did not

go so well. We never want to do that, but it is a very challenging market for our company.

[Translation]

Mr. Robert Aubin: Thank you.

My next question is for Ms. Puckering.

I think I have understood the three suggestions you made in your opening remarks.

First, you propose that we invest in adequate transportation infrastructure. I guess your suggestions were in order of importance. What do you mean by adequate transportation infrastructure? Are we talking about upgrading the infrastructure you already have, or are we talking about new infrastructure that needs to be put in place?

[English]

Ms. Cathie Puckering: To address the question, the investment of infrastructure would be holistic within the intermodal opportunities as well as the airport infrastructure directly. I am here today representing the John C. Munro Hamilton International Airport. Given the future growth opportunities that we have and how intensive investment is in airports, it's very difficult for an airport our size to enable the movement of goods and people with a 24-7 facility while trying to keep the costs low and not pass those costs off to the individuals and the users who are paying for that service. The spinoff effect of the number of jobs that are created and the economic impacts that come from the movement of goods and the movement of people are revenue streams that are not seen at the airport. Tapping in and understanding the potential that we may have for the region itself with accommodating the growth that we're going to see is an opportunity that the region, and Ontario and Canada, cannot afford to pass up. We will be constrained at the airport in facilitating all of that investment while keeping costs low.

The other piece is the highway connections. I did mention that the mid-pen is keeping the people moving quickly and keeping those goods moving quickly around the airport and in the region and the innovation corridors to satisfy what we're seeing today for growth and what's planned for the future.

• (1645)

The Chair: Thank you.

Go ahead, Mr. Hardie.

Mr. Ken Hardie: Thank you, Madam Chair.

Andy, are you saying that the Buffalo airport is getting government subsidy?

Mr. Andy Gibbons: They have said that they get government subsidy, yes.

Mr. Ken Hardie: Okay, that's what you just told us.

Mr. Andy Gibbons: Yes.

Mr. Ken Hardie: There you are. You said it.

All right.

Obviously, it costs money to operate all of the facilities that go into supporting an airport, and there's always a choice. It's user-pay or everybody-pay. Where's the balance?

Mr. Andy Gibbons: The answer to your question would be that it depends, in this region specifically, on how many Ontarians are we okay with using that airport as opposed to using—

Mr. Ken Hardie:—how many Ontarians are content to pay more in something else to basically offset these costs.

I'm not challenging this. I'm not suggesting that you get your beggar's bowl out. I think what would really be necessary is to do a more fulsome overview of the economic impact, the ripple effect or the multiplier effect of what the airport provides, in terms of both the actual value of services and the social and environmental aspects. You're not just looking for a reduction in fees, etc., but you're also looking for greater investments in supporting infrastructure and everything else. I think you can make a case, if the net benefit or value is there.

To do that, we might need to know a bit more about.... I asked one of the earlier witnesses whether they had done an origin and destination study of the truck traffic coming in and out of the particular region. The same goes for you. Where is this going? Is your airport, in fact, geographically positioned to be the most efficient, or are there other efficiencies that can be driven out of that system as well? That goes beyond your cost structure and everything else, but, again, looking at it holistically, what is the greatest benefit to the region and to all of Canada?

In metro Vancouver, where I'm from, the airport there, YVR, has been extremely aggressive, investing in rapid transit, for instance, to get people to and from the airport without having to drive. They've opened up quite a large outlet mall because they have the land available to do that. Are these the sort of things that are in the cards or on the radar for Hamilton?

Ms. Cathie Puckering: Public transit, getting to and from the airport, is definitely on our priority list. The Hamilton airport is actually owned by the City of Hamilton and under private management by the Tradeport International Corporation. We once had an ownership with the Vancouver Port Authority, so a lot of our processes in place today actually come from there.

It's no secret that airports generate a lot of non-aeronautical revenue from commercial activity. Commercial activity does increase as passengers grow the airport and you're able to provide more opportunity for retail and concession-based revenue opportunities.

Once those economies of scale happen with the passenger, we're able to reduce fees and charges overall that may be aeronautical and based to the airlines. That's one of the successes of the low-cost model that's evident in Europe today. The airlines choose airports with the understanding that the airports will realize potential from that revenue stream and keep those fees and charges low. Until we get to that level, it's a bit of a challenge, but there are opportunities thanks to Swoop, Norwegian—which will be adding service in March 2019 to the UK—and Flair, which have been providing services in our marketplace for almost 24 months now. They've stimulated a new market for people who have chosen to travel and never could before, or they're doing it more often, so our passenger numbers for next year are looking to be around a million. That's up from 300,000 in 2016.

•(1650)

Mr. Ken Hardie: Okay, that's fine. Thank you.

The Chair: Thank you.

The floor is yours, Mr. Iacono.

Mr. Angelo Iacono: Thank you, Madam Chair.

I'll be sharing some of my time with my colleague Vance.

You enthusiastically shared that more and more Canadian airports have the capacity to handle a larger share of Canada's international trade. They're playing a more instrumental role in transportation of domestic and foreign goods, but all of this at what cost? Do you know why I ask this?

Mr. Andy Gibbons: I will be honest—I'm not following completely. Sorry.

Mr. Angelo Iacono: That's great. That's what I expected.

What are your thoughts about air noise, night flights and day flights, for the Canadian population and the health hazards this causes to many Canadians at the expense of developing this commercial expansion?

Mr. Andy Gibbons: Was your question specifically with respect to noise and the health effects of increased capacity and increased flights?

It's a very good question. I'm not close to that in my role in terms of noise and noise management. I know there has been a lot of work, and the minister and his predecessor in the previous government have really challenged Canada's airports to be more in tune with those challenges.

One of the big answers, of course, is the purchase of the most fuel-efficient, modern, quiet aircraft. When you look at our Boeing 737 MAX aircraft, or even a Boeing 737-800, versus a 600 or a 200 or something, it really does make a major difference. We're talking about a 10%, 20% or 30% decrease, both in terms of emissions and in terms of noise.

We find that to be the single best way to address it—to invest—and that requires us to be profitable and entrepreneurial. So there is that, but I can't offer too many more comments about noise protocols. We do participate at an industry association level with some of these, but I'm happy to get more information about that for you.

Mr. Angelo Iacono: I just wanted to see if you were aware of it.

They say there are smart cities; there are smart ports. Is there anything with smart air or smart flights? Is there anything of that nature going on, air intelligence?

Mr. Andy Gibbons: There are a couple of things for us. Just last week, we were the first Canadian airline to launch an artificial intelligence bot on Facebook Messenger. That's in real time. If we want to discuss passenger rights, that's an element of the innovation investment we do.

A lot of that is consumer-facing. If you want to interact—you don't know where your gate is, or you have a problem with your connection or your flight is delayed—what do we owe you, or what would you like? That's the sort of investment we're making.

I can't really talk about the operational side. It's not my area, but innovation and investment in artificial intelligence are. If you fly WestJet to Ottawa next week, you will read in our magazine that our CEO has said we will be a technology company that flies airplanes, mostly benefiting the consumer.

Mr. Angelo Iacono: Thank you.

I will share the rest of my time with Vance and Ken.

Mr. Vance Badawey: Thank you, Angelo and Madam Chair.

I want to dive a bit deeper into the technology, especially with e-commerce coming on board.

My first question is this. With respect to integrating a distribution logistics system in a multimodal fashion, what kind of discussions are you having with other methods of transportation? For example, in your case it would be the Hamilton Port Authority, or it could be CN or CP rail and/or roadway networks, trucking companies and things of that nature. I ask both of you because, obviously, we have a provider here as well as the asset itself.

What kind of discussions and/or strategies are you putting in place to actually accomplish that multimodal network and then in turn the integration of the logistics and distribution system?

Ms. Cathie Puckering: Discussions with our cargo partners have just commenced on understanding what their future needs are going to be, as they are all assessing the facilities they have in Hamilton.

We've been working very closely with the Hamilton Port Authority and with the City of Hamilton on obtaining a foreign trade designation zone similar to what is available currently in the Niagara region to ensure that our region is competitive for new entrants into the market to be able to channel through application processes and to tap into programs that may be available for them.

Our partners themselves would focus on any of the electronic and technology-related investments and changes to their operations, and would advise us as that information becomes available. I don't have all of the information to answer your question. I could research that and provide further input if needed.

•(1655)

Mr. Vance Badawey: Thank you.

The Chair: I have Mr. Liepert next. We don't have too much time left, so let's start maximizing.

Mr. Liepert, this is your round.

Mr. Ron Liepert: You mentioned the number of people who travel south to Buffalo to fly out of Buffalo. Is that strictly because flights are cheaper, or is it because they don't want to sit on the freeway for four hours to get to Pearson? If you could offer the same-priced flight out of Hamilton, would people from Niagara fly from Hamilton to West Palm Beach, versus Buffalo to West Palm Beach?

Mr. Andy Gibbons: I'll just read you what the Buffalo airport says and what their value proposition is.

They have two elements on their website, "save time" and "save money". Under "save time", they have "The average peak wait time at Buffalo checkpoint is only 12 minutes. If you fly from Toronto Pearson you are instructed to arrive at the airport 3 hours before your

flight." That's not the case in Buffalo. "No additional airport stop for customs and immigration." That's for U.S. destinations. They're positioning the choice. I sound like a commercial for them, and I'll stop here.

What they're saying is that, if you're flying transborder out of Pearson, you have to go to pre-clearance, etc., whereas all you have to do, if you're flying from Buffalo, is cross the border with your NEXUS card, and the infrastructure is there. Then you're in Buffalo free and clear, having your Chick-fil-A sandwich. They also say the Buffalo Niagara International Airport is mere miles from the Canadian border and QEW.

On the money side, they say the Buffalo airport is ranked 23rd in the U.S. for the most affordable airfares. The cost of parking is low. There are no international taxes or fees to fly to U.S. airports, because it ceases to be an international flight. These are some of the unique market dynamics we're saying we should take a look at, and they're felt here as much as anywhere else in the country.

Mr. Ron Liepert: The other area, probably not to the same extent, is on the west coast. There is a fair bit of migration south of the border flying from Bellingham to points in the U.S. It's not just here; it's elsewhere.

Mr. Andy Gibbons: Yes, and Abbotsford is our western hub, so the dynamics I talk about here are almost replicated in Abbotsford, and working with that airport is precisely to create the low-cost hub as an offset for YVR.

Mr. Ron Liepert: It seems to me that there are airports in the U.S. that happen to be close to the Canadian border and can offer less congestion and whatnot. It wouldn't be a whole lot different if New York City were located on the other side of the border. You could probably make a case for Americans to come to Hamilton and fly if you offered the same kind of thing as Buffalo. I understand the cost factor, but I do think a lot of that is getting away from the time it takes to get processed.

Mr. Andy Gibbons: For sure, that's the case. That's part of our recommendation. David Emerson talked about this in his report. In terms of the CBSA, we take tarmac delays at Pearson International Airport because the customs hall is full at terminal 3.

Technology is going to help with that. Kiosks are going to help with that. They are going to help the bottlenecks, but we are always encouraging the government to look at it as you would look at a land border. You see the land border. You feel it, and you see the queues, and you don't have to tap your Visa. It's not a user-pay model; it's understood that this is a public good that serves commerce, and I think maybe there's a bit of lag in how we think about international airports.

I do want to touch on the ease thing. That's what we're trying to do in Hamilton and in Abbotsford: identify airport partners who are committed to the low-cost structure and can bring us a business plan that encourages and brings investment. We've done that here. Hamilton is not the only airport in southern Ontario, but it is where we chose to bring our ultra low-cost carrier, so that's a testament to the work of that airport, the board, Cathie and everyone.

• (1700)

Mr. Ron Liepert: I do think there's a market for airlines to hub other than.... You can't go anywhere on Air Canada without going through Pearson. It becomes a deterrent. I'll do just about anything to avoid flying through Pearson.

Mr. Andy Gibbons: There's a big educational component about ultra low-cost carriers, too, because it is new to Canada. It is something the government sought in Bill C-49. The government sought to bring in foreign investors to fill that market need. We have filled that market need. We'll just leave that to the side.

Swoop is not integrated with the WestJet network. It is point to point. It's a separate reservation system. You don't buy a Swoop ticket from Abbotsford to Hamilton and then connect on to the WestJet mainline to Halifax.

There was an experience of another Canadian carrier around the new carrier they created, so I think some lessons were learned by us there, but it is a very precise, very specific model, and it's new to Canada.

Mr. Ron Liepert: We'll see how it goes.

Mr. Andy Gibbons: We're working on it.

Mr. Ron Liepert: I'm good.

The Chair: Mr. Badawey, do you have any more questions?

Mr. Vance Badawey: I'm good.

The Chair: Okay.

Mr. Aubin, are you good?

Mr. Hardie, go ahead.

Mr. Ken Hardie: Very quickly, Ms. Puckering, I think you have an advantage perhaps—at least I hope you do—in that you're owned by the city.

Does that include the understanding that they will not allow developers to build townhouses close to the airport, residents of which will then start to complain about noise?

Ms. Cathie Puckering: It is true that we are an airport that is currently in a residential community, and we are actively involved in an outreach program to ensure they're aware of everything that goes on in Mount Hope airport.

Future development around the airport is definitely zoned. There's the airport influence area, the airport employment growth district, airport land and lands adjacent to the airport that the city has bought and reserved just for that, so that at some point they will be included in the airport boundaries. So there will not be any condos or townhouses developed in the immediate area.

Some residential areas southeast of the airport are not in our flight path. They're not in a noise-influenced area, and that is very much monitored through City of Hamilton bylaws.

The Chair: Thank you very much to our witnesses.

This was our last panel. We've been going at this since nine this morning. I congratulate the committee for keeping it all together. It's been a long day.

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(Pause)

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• (1800)

The Chair: Thank you for coming out. The idea tonight is just to take a few minutes for those who either didn't join us earlier or think there are some issues on which they might be able to give us additional information. It's a few free-flowing, open-mike minutes that we have together. We'll have questions back and forth.

We'll start with Ron.

Mr. Ron Reinax: I just want to follow up on my remarks earlier today. In terms of some of the questions that the committee was asking, one thing I noticed is that there needs to be a recognition that a border is a two-way street, meaning that while this committee is focused on things that happen in Canada, we as an international border operator, with five board members appointed by the Government of Canada and five members appointed by New York State, are the landlords for CBP and CBSA.

We are currently working diligently with Customs and Border Protection to move some of their customs operations from the U.S. side over to Canada under the pre-clearance agreement. However, we are not moving personnel, because notwithstanding what the pre-clearance agreement talks about, at the land border it's very clear that U.S. customs does not have arrest authority or general enforcement authority. It's similar to the airports, except that at the airports they turn people over to the RCMP. That is not acceptable at the land border, because when you're dealing with cars and trucks loaded with things, CBP needs to have full enforcement authority.

What we're working on is having all of the elements of what we call preinspection: licence plate readers, facial recognition to match, the biometrics to match with a FAST card, the x-ray inspection for trucks. All of that is to be located in Canada, so we are working with CBP because we control lands on both sides of the border. What we're looking for from the Government of Canada is to make sure that we have the proper legislative authority to do what we're doing. We believe we do have that under the pre-clearance agreement, but there are certain elements on which we're going to need help.

For example, what customs is looking for as a standard operating procedure, both on the Mexican border and on the northern border, is non-intrusive, drive-through inspection, which means a truck can drive through an x-ray facility where the radiation dose for the cab is very low, like 1/400th of a dental x-ray, and then the full power comes on for the trailer.

We would do all of that in Canada, except the guidelines in Canada do not allow for that type of inspection. It's a technical detail, but it would make a tremendous difference as to how the border operates.

It's important that the transport committee and CBSA, public safety and other federal entities understand that legislation in Canada needs to be sensitive to how a border operates, because that affects Canadian exports going to the U.S.

• (1805)

The Chair: Okay, thank you very much.

Matt, you have a comment.

Mr. Matt Jeneroux: Madam Chair, I'd ask for a short pause here, if you don't mind. We know Ron, who had a good presentation today, but would you mind just taking a few minutes to introduce everybody else, or give them five seconds each to introduce themselves before we hear from them? Is that all right?

The Chair: Yes.

Gary, please introduce yourself and tell us whom you represent.

Mr. Gary Long (Chief Administrative Officer, City of Welland): Thank you, Madam Chair.

Good evening, committee members.

My name is Gary Long. I'm the chief administrative officer for the City of Welland.

The Chair: Mr. Korosec, go ahead.

Mr. Stan Korosec (As an Individual): Good evening, everyone.

I'm Stan Korosec. I am the director of Canadian government relations for the Ambassador Bridge.

The Chair: Mr. Holloway, go ahead.

Mr. Llewellyn Holloway (Board Director, Buffalo and Fort Erie Public Bridge Authority): Hi. I'm Lew Holloway. I was the general manager of the Niagara Falls Bridge Commission up until a year ago. I am now a board director on the Peace Bridge.

The Chair: Okay, great.

Mr. Hodgson, go ahead.

Mr. Bruce Hodgson: Good evening. I'm Bruce Hodgson, director of market development for the St. Lawrence Seaway Management Corporation, based here in St. Catharines.

The Chair: Mr. Aubry-Morin, go ahead.

Mr. Jean Aubry-Morin: Good evening. I'm Jean Aubry-Morin. I'm the vice-president of external relations for the Canadian seaway.

The Chair: Mr. Burrows, go ahead.

Mr. Bruce Burrows: Good evening. I'm Bruce Burrows, president of the Chamber of Marine Commerce.

The Chair: The idea is that it's your microphone, whoever wants to open it up with free-flowing information on points that, as Ron said, you want to reiterate to make sure we got it straight, or any additional comments.

Who wants to go first?

Mr. Korosec, go ahead.

Mr. Stan Korosec: Thank you, Madam Chair.

An earlier question was put, I think, to Ron, about customs staffing in plazas. For our new span, the only thing we have to do is

build the bridge. The new six-lane bridge will tie into the existing customs plaza. We are going to do some modifications to the Canadian CBSA commercial plaza.

Right now, a truck that has to get inspected has to be escorted four kilometres down the road to what they call an off-site facility, which obviously is a security issue. CBSA has asked for quite some time that we bring that back to the plaza, which we're going to do. That's one of the phases of the project.

There won't be any additional CBSA staffing required because the bridge just ties into the existing plaza. I was at the Blue Water Bridge for 10 years. We did the same thing when they twinned the bridge there. It tied into the existing customs plaza. That's why our project only costs \$500 million to do, because it's just the bridge and the plaza.

Ron touched on a couple of things. I think there's something you should note about traffic volumes across the borders. We all belong to the Bridge and Tunnel Operators Association. There's a website, and all the stats are on there. We all contribute statistics to it. They're updated every month.

Just to let you know, in the period from the year 2000 to 2017, at our bridge, car traffic is down by 50%, and in the same time period, truck traffic is down by 27%. Ron alluded to some of the reasons for that with the shift in manufacturing. At the Ambassador Bridge, of course, we're heavily into the automotive sector. It's a big user of our bridge, whether it's a finished product or tier one, tier two, or tier three suppliers. That's pretty significant, and I think year-to-date, we're pretty well flat. For all the crossings, the bridge and tunnel operators of the Ontario-Michigan, Ontario-New York crossings, from 2000 to 2017, cars are down by 38% and trucks are down by 20%, so total traffic is down by about 35%.

Why is car traffic down? It's a combination of a few things. The western hemisphere travel initiative that the U.S. initiated in 2009 required you to have a passport or NEXUS. That cut out a lot of the spontaneous trips across the border, where somebody just wanted to go over for one concert or for dinner. If somebody travelling from the southern U.S. was in the Detroit area and thought, "Hey, let's go to Canada," they likely didn't have a passport.

Interestingly enough, Canadians make up about 75% of the cross-border traffic in cars, so that affected a lot of the cross-border shopping. I know this because I have a wife and two daughters, and I live on the border. That was a big deal in the nineties, when we didn't have Target or Lowe's in Canada. Now we have all of those in Canada. The reason for going to the States was that you'd have that variety, and there were cheaper prices in the United States, too.

Of course, that fluctuates a lot with the Canadian dollar—whether it's down. I used to say if I go to Windsor and ask somebody what the exchange rate is, they'd probably tell me. If you go to Detroit and ask them, they'd say, "The exchange rate of what?" Canadians really keep an eye on that and they're very conversant in that.

At the Peace Bridge, in that time period, cars are down by 39% and trucks are down by 19%. At Queenston-Lewiston, cars are down by 27% and the trucks are down by 22%. Those are just some interesting trends.

Ron mentioned that it's not the lanes across the water that matter. That's really true. Mr. Comerford from CBSA said they have 13 lanes for trucks at the Ambassador Bridge coming into Canada. I'll tell you, when all those 13 lanes are open at the right time, I can go to sleep because the traffic is flowing well. If you shut down one lane, that's about 50 trucks per hour, which is just over a mile of trucks, that back up onto the highway.

These days, the backups that we do see—as other operators can tell you—are not so much because of volumes. There's not enough staffing. Computers go down. It's like when everybody's relying on going to the grocery store and a computer goes down. The little clerk there doesn't know how to count change because it's all done for them. They have to go into manual mode, which really slows things down a lot. Those things are causing us some concern.

● (1810)

In the Canadian government and the U.S. government, we've talked about the importance of trade for both countries. Talk the talk but walk the walk. Fund the CBSA whether it's for staffing or technology. Mr. Comerford talked about some of the new technologies we're testing at the Ambassador Bridge where trucks come into Canada.

He won't say these numbers, but I'll tell you. It takes about 60 seconds for a fast truck to clear primary inspection lines. This new secure corridor—and I've seen it in its early stages—takes about 23 seconds. You can get three trucks where just one could go before. It makes a huge difference. Plus it saves them on their staffing too. They save on their resources side by employing the technology and the trusted trader programs.

We work with all the border operators. We work with CBSA and CBP because we see things going both ways. We sit on a couple of task forces with each organization on how we can make things better at the border. We don't complain. Ron does his rants every once in a while, but we work with him on finding ways to shave a few seconds off each inspection. When you're doing 12,000 trucks and maybe 12,000 cars in a day at our place, it really makes a big difference.

Those are a couple things I wanted to pass on.

● (1815)

The Chair: Thank you very much.

Would the committee like to hear from a few others, and then ask the questions? Yes. Okay.

Mr. Long, we haven't heard from you yet. Please go ahead.

Mr. Gary Long: Thank you, Madam Chair.

Thanks again to the standing committee. We certainly appreciate your bringing the committee to the Niagara region. Thank you for that.

I just want to state for the record that the City of Welland is supportive of and is aligned with other municipalities in Niagara and the other key stakeholders you would have heard from today, who really want to create a blueprint to establish Niagara as a key trade corridor within Canada's economy, as well as being a gateway to global markets. For us to be able to achieve that, we have some

bottlenecks in the system that we need to get rid of, and we need the support of the federal government and other partners to do that.

In the case of Welland, I would say we've been experiencing a bit of a renaissance over the last few years. Welland, like other industrial manufacturing communities, was hit hard 10 to 15 years ago during the global restructuring and global recession, but over the last three years we've been able to attract almost 1.5 million square feet of new industrial space. One of those companies that's relocated to Welland is GE. They have since sold their plant to Advent International, but the fact of the matter is that Welland and Niagara have the programs, the incentives, the proximity to the U.S. border and the workforce to attract companies of that magnitude.

The companies we've attracted to Welland and the companies we are in the process of attracting, they like Welland and they like Niagara. They like having options other than the QEW. They like having a rail option. They like having a water option. We've had some discussions with the Hamilton Port Authority, specifically Ian Hamilton. I understand he presented here this morning. We've had some discussions with him about partnering with the port authority, as well as the seaway authority, to create a new dock along the Welland Canal. There's demand for marine industrial land. As Mr. Hamilton may have said to you this morning, the Hamilton Port Authority is sold out. They have, I think, 60 businesses on their waiting list. That's not to say that all of those businesses would locate in Niagara along the Welland Canal, but I suspect a large portion of them would. Therefore, we feel there's an opportunity for a partnership between the seaway authority and our friends down the table here, the port authority and other municipal partners.

I should say that we've had one meeting with Minister Gagneau to talk about this proposal. We've also had some discussions with his ministerial staff, and I think our conceptual idea was well received by the minister as a way to really enhance and create that trade corridor within Canada's economy.

The other issue I wanted to touch on—but I won't touch on it at any length—is the importance and necessity of creating an alternative beyond the QEW. You've probably heard today about a mid-peninsula highway. That's really important to Welland and Niagara and to the business community here. I won't dwell on it, but suffice it to say that the QEW is no longer an option. It's impacting business competitiveness. We feel it's time for municipal partners and the federal and provincial governments to make a strategic investment in the future-ready infrastructure that we need in our Canadian economy that would, again, really position Niagara and Hamilton as a key trade corridor zone within Canada, but also, as I said earlier, as a key gateway to global markets.

I'd be pleased to answer any questions that you have later.

Thank you, Madam Chair.

The Chair: Thank you.

Mr. Holloway.

Mr. Llewellyn Holloway: Thank you, Madam Chair.

I just want to reiterate a few things and emphasize a few things that have already been said, mostly that the world is changing at the borders really quickly. In all the years that I was involved with borders, it was all about more infrastructure and more staff. What we're finding is that the infrastructure is becoming prohibitively expensive and it's incredibly difficult to get and train more staff.

The good news is that there have been huge advancements made in biometrics, and biometrics, I believe, is going to save the day because what it does is allow a better recognition of the individuals who are crossing the border in a quicker time. It's known that when somebody comes to the border and a CBSA or a CBP officer looks at their picture and they look at the individual they have about a 60% chance of really identifying that it's the individual it's supposed to be. Biometrics is about 99%, and biometrics are instant.

CBP is making huge advancements in that area, and there are pilot projects that are going to take place at the Peace Bridge this summer involving biometrics that will allow for the processing of people in vehicles much faster. The good news is that you can do more people with the same staff and you don't need any new infrastructure. At the Lewiston Bridge right now, the plaza at the Lewiston Bridge, there's \$90 million that's going forward. It's a lot of money. You're putting in more lanes and, of course, there comes a time when that's no longer sustainable.

There are things that can be done. I'll summarize it by saying that among some of the key things that can be done is, first of all, for Canada to invest heavily in biometrics because the United States has got a really big head start on it. I think they're on to something really good, and they're implementing in airports now.

Second, Canada really does need to implement a passport card to take advantage of RFID. I talked about this five years ago. When the person from Passport Canada was bringing out a new passport—and he was very proud of it—I asked him at the time, do you have a passport card? He looked at me as if I had two heads. He said it wasn't on their priority list. That was five years ago.

Putting RFID in all the lanes, on which progress is being made, working on biometrics, and a new passport card will go a long way to helping things proceed across the border.

Thank you.

• (1820)

The Chair: Thank you very much.

Did you have anything you wanted to add?

Mr. Jean Aubry-Morin: In the course of the committee today I heard many times about basically the ability to be able to reach different stakeholders of the region and be able to help each other.

I would like to reassert that the seaway in its mandate of stewardship of a shared resource basically has an open door to reach out to the different parties and participate to be able to see how we can improve the economy, the community reality, the social reality, and also the environmental reality that surrounds us. That's a clear mandate for us and the CMA part 3.

Also, there was a question asked earlier today about the ability for the Welland Canal to be able to have what we see as season

optimization or season extension. There was an answer provided, but I would like to complement that answer with some detail.

We know about climate change. We know that climate change provides, I would say, a warmer environment to be able to have a milder set of conditions during the winter, but what climate change also brings about is what we call a greater variability. If we look at the last 12 years, basically seven of those 12 years would have provided a lot of challenges to operating the Welland Canal deep into January. Sometimes the balance between risk and the benefit of a greater season have to be contemplated. That's a portion of the answer that was not provided earlier today.

The Chair: Thank you.

Mr. Burrows: did you want to add or respond?

• (1825)

Mr. Bruce Burrows: I would like to add, and maybe just pick up on a point. In our discussion, I had mentioned the International Maritime Organization in London, and the need to have a level playing field for emissions. It was a bit of a passing comment and I didn't elaborate, but now that we have an opportunity, perhaps I could explain a bit more. I think this is critically important for the success of the emerging national corridor here.

Like the airline sector, we in the marine shipping industry are regulated at the international level very similarly to the air sector. The air sector is subjected to ICAO and IATA, ICAO being the UN organization setting the standard and IATA the industry association. We have in parallel IMO and ICS, the International Chamber of Shipping. In fact, I sit on the ICS industry board for Canada, regularly waving my Canadian flag. I raise this because the key ethic here is that marine shipping requires a global approach—air and marine are really two global sections—otherwise certain jurisdictions could create a competitive advantage or disadvantage. The idea is to have a level playing field of regulations applying to the entire industry, globally.

The global community is very discouraging of separate regional action and we have an emerging threat here in Canada. There's growing concern that the Canadians may be jumping up and stepping in to create regional action. If they do, it will put the Canadian shipping industry at a disadvantage vis-à-vis international shipping and vis-à-vis American shipping, with a carbon tax. If the carbon tax cascades down, it could, depending on how it applies, affect and apply to the shipping industry.

At the moment, we are part of the carbon emissions trading scheme here in Ontario. That's now being wound up. What's going to replace it? That is the question that still hasn't quite been answered. On the other hand, internationally, we're very much a part of—in fact Canada's leading the charge in some ways—creating this new program, which has just been accepted, to reduce emissions by 50% by 2050. It's a very aggressive and ambitious program and it will require a lot of interesting action, some of it regulated. Some of it will ultimately lead to a carbon levy being applied. That will all be done internationally, so another Canadian-led action on top of that one could put us at a disadvantage. That will affect the potential prosperity of this new national corridor, the Great Lakes-St. Lawrence waterway and it certainly could impact our ability to address the challenge and the opportunity to have even more trucks pulled away from the roads and more traffic moved over to the marine mode, where we all recognize we have an environmental opportunity.

In a backhanded way, that carbon tax could do just the opposite, yet we want to encourage more traffic, as we discussed earlier, away from the congested roads, which are heavy environmental polluters and so forth.

I just wanted to raise that issue with the committee because it may be something we want to talk about further.

The Chair: Thank you.

Mr. Hardie.

Mr. Ken Hardie: Thank you.

I wanted to point out that I really valued the fact that Bruce and Jean stayed and listened to some of the other presenters.

Of course, in our discussions earlier today, we asked a bunch of questions. I'm just wondering, now that we've had a chance to consider those questions, what take-aways you all have from this session today.

Don't all jump at once now.

Mr. Bruce Hodgson: I think it came up a number of times during the discussion that we had a number of different groups, a number of different parties and a number of different stakeholders operating in their own silos, and that was something we need to work on, as far as stakeholder groups were concerned. I know there was a lot of discussion around how to change that. As we indicated to you earlier today, we certainly would embrace that and would look forward to being a part of that.

As Jean pointed out, in terms of any discussions about real estate around the Welland Canal, we've certainly been open to having those discussions with all parties and all stakeholders. Again, our door is always open. For us, that's one of today's big take-aways.

• (1830)

Mr. Ken Hardie: Does anybody else wish to respond?

Mr. Bruce Burrows: Yes, if I could.

Partly because of my personal and business background, I've always been a big proponent of integrated multimodal approaches and policies. Perhaps carrying that point further from Bruce, I think that is huge, and I did hear some ultimate discussion about this. In

terms of the more integrated we can be from a policy perspective, a customer ultimately doesn't care how his or her product gets from A to B, as long as it gets there on time, in the right condition, at the best price. They don't care what mode is used. We have to take that customer focus as we approach policy issues, so that anything that can be done to encourage better integration of modes is a good thing to do.

Mr. Ken Hardie: Who do you think should lead it?

Who should convene all the players and collect all the disparate thoughts, ideas, asks, and so on, and put it into something that looks coherent, but more importantly, maps out what people are covering and what they're thinking about, and identifies the gaps and tries to close those so that at the end of the day you have something that you can bring to a government—federal, provincial or even municipal—and say, "You know what, we all agree that this is a good way forward"?

Mr. Bruce Burrows: The Minister of Transport is the ultimate custodian of policy across the country from a transportation perspective. He is certainly in a good position to call stakeholders and convene stakeholders, working towards that approach. I would suggest that the ministry tends to work in silos. From my experience over the years, it certainly is even more siloed at the provincial level.

There is an interesting community of deputies and an interesting community of ministers of transport across the country. They're in a good position to try to bring all the stakeholders together. There isn't really an institution outside of government that's in a position to pull a lot of people together. There are some regional groups, but there aren't any truly national groups that could do that.

The Chair: Mr. Liepert.

Mr. Ron Liepert: I'll follow along from Ken's question and maybe be a little more blunt.

I'm probably not going to get a lot of agreement around the table, but in listening today to the St. Lawrence Seaway authority, multiple port authorities, multiple bridge commissions and authorities, not to mention a slew of municipal governments, my conclusion is that this area is overly governed. I don't profess to know exactly who is responsible for what, but it seems to me that we have a lot of people working for what I would call quasi-government agencies and I don't know how much value is being added by them all being independent of one another.

In a previous life, 10 years ago, I was a minister of health in Alberta. We had nine regional health authorities. We had four other authorities: the cancer board, the alcohol and drug abuse commission, and whatnot. With the stroke of a pen, we got rid of them all and had one authority, called Alberta Health Services, which is responsible for the delivery of health care throughout the province of Alberta. Costs have gone down. Working together has gone up. Service has certainly not declined.

One of the things I've concluded, unless somebody can show me differently, is that this seems to be an area that is overly governed.

That's all I have to say. If anybody wants to make a comment, go right ahead.

The Chair: Mr. Holloway.

Mr. Llewellyn Holloway: With all due respect, sir, when you were in Alberta you had complete control and you were able to do that with the stroke of a pen.

Take the Niagara Falls Bridge Commission. It was formed in 1939 by a joint resolution of the U.S. Congress. It has board members appointed by the Premier of Ontario and appointed by the Governor of New York. It's an international entity. It operates under the auspices of the United States government under the rules of the United States government, and under the Ontario Extra-Provincial Corporations Act. The Peace Bridge was formed by Canada and it's an international compact, and it's New York state on the U.S. side. To make a change just to join the Niagara Falls Bridge Commission and the Peace Bridge you would need agreement from the federal government of the United States, New York state, the Province of Ontario, and Canada.

The other bridge commissions along the border have their own charters. I am not too familiar with the seaway's but I would assume that they're under the same thing. The fact of the matter is that these bridge commissions are extremely well run. They have the bare minimum of staff and they run very efficiently. The issue has been dealing with customs on both sides of the border. For the bridges across the international border, without customs on each side the traffic would flow smoothly. There are billions of dollars of trade across the river every day.

As for what the situation is like, for example, when the western hemisphere travel initiative was implemented, before that you could cross the bridge in about 30 seconds, the average processing time. People would go across for dinner. They'd go across for pizza and wings. They would go across for any reason that you would want to think of. It was a big community. That all changed with the western hemisphere travel initiative, and if you want to talk to the Niagara Parks Commission their traffic dropped like a stone.

When 9/11 occurred the average processing time jumped to two minutes. The border came to a grinding halt effectively, and now it's down to about a minute on average, and if you got NEXUS you could probably get it down to about 27 seconds.

The issue here is not the number of organizations. The issue here is simply having the border community, meaning the customs officials on both sides of the border, working in harmony to allow for the processing of traffic in a very effective way. That's what all this is about.

• (1835)

Mr. Ron Liepert: I understand it's more complex because we're involved with two countries. But I would say that if we are able to negotiate a free trade agreement between two countries, we could figure out a way that several bridge commissions could work together and maybe work as one. That would be my point.

Mr. Llewellyn Holloway: That happens.

Mr. Ron Liepert: But they all have their independent authorities, with all their own staff and everything else, I presume.

Mr. Llewellyn Holloway: I'd liken that to when we were going to amalgamate the municipalities of Toronto, York and North York, and we were going to make it more efficient and reduce the number of staff. Tell me how that worked out.

Mr. Ron Liepert: It depends on which way you approach it.

Mr. Llewellyn Holloway: Exactly. I was a CAO in municipal government before, and it's not how large it is. It's how efficient it is. What we found out in the amalgamation of municipalities is that in some cases where you have very small municipalities, it worked, and in cases like Toronto and Chatham-Kent and other areas, at the end of the day there were no savings, period.

The Chair: Mr. Korosec, do you want follow up on that?

Mr. Stan Korosec: Perhaps I can follow up on Lew's comments and your additional question there.

We do work together. We all work together for the common good. Our goal is to make the border efficient and safe. We have to remember security. You can never question security. I was an OPP officer for 20 years, so I know that, but it's how we can facilitate trade and commerce while respecting the goals of both CBSA and CBP.

It's not inefficient that we're all separate border operators, because we all have the same goal. Being all one wouldn't make a difference, but we do recognize that there are so many. I say, when you work at the border, everything is times two.

We had a mentally ill person who had threatened to jump off our bridge this morning. There were some 50 cruisers there. You had everything times two, all the Canadian responders, all the U.S. responders there, and everybody working together to do it. It's a very complex place. We realize that there are these external stakeholders that affect the border, which is a very complicated place.

That's why we have the Bridge and Tunnel Operators Association. Many of us belong to what's called the Can/Am Border Trade Alliance, which you must have heard of. That's border operators. That's customs on both sides. It's brokers. It's trucking. It brings together the whole border community together to work on solutions that we can bring forward to the government.

There's the transportation border working group, which is Transport Canada and the Federal Highway Administration. We belong to that and meet there. There's the Border Trade Alliance. Every acronym in the book, we belong to, to try to get with the right people and make the border work better.

There are acts of Congress. For the Ambassador Bridge, the Canadian Transit Company was incorporated through an act of Parliament in 1927. I don't think that all the governance models being different has any effect on how we do our work. We all work together, because if I can come up with an idea that makes my bridge work better, it helps Ron at his, and as we heard earlier from Ken, at his. We truly all work together with one common goal.

• (1840)

The Chair: Mr. Long, you had wanted to comment on that. Go ahead.

Mr. Gary Long: With respect to your governance question, it's conceivable that public sector governance in the province of Ontario could look different four years from now. Public sector governance in Niagara might look different four years from now, because Premier Ford and his cabinet have indicated that they want to review how people are governed in the province.

Personally speaking and professionally speaking, I support that review. Given the number of entities in Niagara, to your point, it is difficult to reach a consensus, but I can tell you that there is a Niagara position. In fact, I would argue that there is a Hamilton-Niagara position, unified in terms of working together, working collaboratively on a blueprint for Hamilton-Niagara to ensure that this is a key trade corridor within Canada's economy.

We don't always get that agreement and unified position. To your point, on other issues it is difficult, but this is one issue where there is unity and a common position. I don't see the current governance model being a stumbling block to our ability to work with the federal government or any of the federal parties to secure some strategic investment for the trade corridor here.

Thank you.

The Chair: Mr. Badawey.

Mr. Vance Badawey: Thank you, Madam Chair.

Today was very interesting. We received loud and clear the individual interests as it relates to the different participants, but the overwhelming message that I received was to establish a strategy that takes into consideration individual participants—recognizing those folks who weren't here, the mandates attached to the same—as well as the need to work together to complement and strengthen local and national trade corridors. That's locally here within the region, beyond that within all of southern Ontario, the province of Ontario, and of course, feeding into an ultimate national trade corridor strategy.

The second part and the take-away I got from today was to establish, yes, an understanding of individual needs; however, consensus has been recognized that the trade corridor blueprint can only be accomplished if everyone is around the table. Thus, my question to you is very simple, and I think someone asked it earlier. How do we accomplish that?

The minister can in fact convene a process, which he has already, which is the trade corridor strategy, probably times six. Currently, we have three recognized trade corridors. One is the Asia-Pacific, the other is Ontario-Quebec, and the last one is the Atlantic region, but how do we expand that? How do we put more substance to those trade corridors as it relates to the assets that we have available to us?

It's unrealistic to think Minister Garneau is going to go out and start beyond what he has already done, working individually with the different regions, for obvious reasons. However, what I think is doable and what's realistic is that we have people such as his ministry, departments, this committee, individuals who can in fact start that process. Again, I throw the question back at you folks as a take-away: Where do we go from here? What are your thoughts on how we accomplish it, and in the short-term, how do we put together a trade corridor strategy that doesn't just lend itself to Niagara-Hamilton but ultimately to southwestern Ontario, the province of

Ontario, and of course, feed into the broader trade corridor strategy, as well as the ports modernization review that the minister has also recognized?

• (1845)

The Chair: Who would like to start?

Mr. Stan Korosec: I'll take a shot, since nobody else seems to want to.

That's a good point. In our border world, when we sit down and talk around the bar and have a beer, Ottawa and Washington wouldn't know a border if they tripped over it. I'm glad you're going to the Peace Bridge to take a look at it, and you're welcome to come down to the Ambassador Bridge anytime. You really have to get there first. It's quite a remarkable place.

You can look at statistics. I rattled off a whole bunch. However, until you go down to the border and actually see what's happening there, for policy-makers and decision-makers such as you guys are, that's very key. People I've brought down to the border from both countries say, "Oh my gosh, I didn't realize." You talk to the people on the ground and the port directors who are there. When a decision is made in a cubicle in Ottawa or Washington by bureaucrats, they don't see the effect and we're often not consulted on it. It comes out of the blue and we go, "Oh my God, it's going to cause backups for miles and miles if they implement this." That's why we try to keep an eye on these things and try to attack them.

The education part is really important for yourselves. I know you're well versed on border stuff, but there are people who are not near a border crossing but their ridings, their economy, depend on it. No matter where you are in Canada, it's really important to come down and understand. Talk to us and the local customs on both sides of the border and you'll hear their views on what happens.

That's one suggestion, anyway.

Mr. Vance Badawey: I thank you, Stan. All day, I've heard a consistent message about the issues, needs and desires in terms of investments, policy, legislation, technology, data and integration. I was talking to the analysts earlier. I think they heard it loud and clear as well, with respect to the message, overall, being individual to the participants in today's sessions.

However, the whole reason we came down here was to add to the overall value. Putting politics aside, we're getting down to business here. The whole reason we came down here, and why we are going to travel to the Asia-Pacific and, hopefully, to Montreal and the Atlantic region in the future, is to add to the overall value of what the minister is trying to accomplish here, which is well overdue. I think the Emerson report identified that, within both the national transportation strategy and trade corridor ports modernization.

I'll ask this a bit more bluntly. Maybe it's rhetorical, because some of you have already answered this question. Again, as a take-away from today's session, is there an appetite for you and for other participants that you work with on a daily basis to take the next step, to establish that trade corridor blueprint for Niagara and Hamilton and even expand into southwestern Ontario, going as far as Windsor-Detroit and even to the bottom end of the GTA?

It would be a blueprint that looks at the multimodal network and at the St. Lawrence Seaway, for example, and at CN Rail, CP Rail, roadways and airports, etc. Is there an appetite for all of you to actually be around this table over the course of the next few months to work toward that blueprint?

• (1850)

Mr. Ron Reinas: Certainly, talking from the Peace Bridge perspective, yes, absolutely. We've been talking about a trade corridor for the last 20 years. If you talk to any of the border crossing operators, I think they'll say the same thing. Absolutely there's an appetite, because we've recognized that's the only way the border works.

Again, you have to go back to what I said earlier. It can't be just a trade corridor that's here. You have to deal with western New York. You have to deal with the United States because it doesn't work if you're only doing half a loaf. It's about whole loaves. Sometimes I think we forget that there's a big picture but that it starts with doing some little things that make a lot of sense and with having an understanding as to what Canadian policy means for the border.

For example, the NAFTA discussions are under way right now. If Canada changes the de minimis requirements under NAFTA, that could have a tremendous impact on the border, maybe not a positive one for the Canadian economy, but as a border crossing operator we could get a lot of revenue if the de minimis goes from \$20 to \$400. Most of the Canadian population is within a couple of hundred miles of the border. They may very well flood across the border, but what does that mean for the retail sector? For us, it's great. It's more toll revenue. It does all of those things. Again, there has to be an understanding of what that means.

It's the same thing with the carbon tax. If the carbon tax raises the gas price by 40¢ or 50¢ a gallon, you're going to see people going across the border to shop. That's not the same thing as Americans coming over here, which is what I think you really want to see when you have a trade corridor: that it works well both ways.

While we certainly want to be a participant in there, understand what Canadian policy-makers need to understand about how that works and do the little things that make sense. It doesn't make any sense for the national transportation corridor fund, which the government...and we're the beneficiary of that. We're getting \$2.5 million. It's a small amount of money in the overall scheme of things. We're putting in RFID in every lane. Did you know that CBSA didn't even know that we were getting that money? We talk about understanding what somebody else is doing. They didn't even know we were doing that. One arm of the government doesn't know what the other arm of the government is doing. That's frustrating.

The Chair: Very much so.

We have Mr. Jeneroux and Monsieur Aubin with some questions yet. We're almost at seven o'clock. Could we do that?

Go ahead, Mr. Jeneroux.

Mr. Matt Jeneroux: I'll try to be quick, Madam Chair.

Mr. Korosec, I definitely can't let you get out of here without having you answer a few questions that I've raised in the last little while. I'm hoping you can help me out a bit.

I would absolutely love to take you up on your offer and visit the Ambassador Bridge. I'm serious about that. I'll certainly be reaching out to you afterwards to see it first-hand.

A lot of the statistics you quoted show that traffic is down, yet your bridge has requested and received a permit from the government to increase lanes at the same time that the Gordie Howe bridge is under construction. Again, enlighten me on why that was the case from your end. I'll see what we can then tell Canadians about the reason why your specific bridge needs more lanes when four kilometres down the road there's another bridge.

Mr. Stan Korosec: First of all, our bridge is 89 years old or something like that. It has four lanes. We're not building a new six-lane bridge because of traffic volumes. We're private sector. We looked at all the numbers and everything. In fact, Ron was going to twin his bridge, and because of traffic numbers they're not going to do it. They're going to improve the plazas.

We want to replace the bridge because the other one is old, and to have an additional lane for the trusted traders—NEXUS and FAST—so that you have a dedicated lane for them to cross the bridge. If you have a NEXUS card, it doesn't do you any good if you're sitting behind a line of non-NEXUS users. It's pretty frustrating, actually. If you have a dedicated lane where you just speed across to the booth, it helps improve the efficiency of the border and it helps sell the program.

It's an old bridge and we want to replace it. We wanted to rehab the old bridge and use it for redundancy, just like we did at Blue Water Bridge. If there's a bad accident on one bridge, you put traffic on the other bridge, or use it for special events or emergency vehicles. We have emergency vehicles crossing the border. Ambulances go to Detroit. Our U.S. permit from the coast guard says that we shall "maintain and preserve" the existing Ambassador Bridge because it's a historical site and so on. Our Canadian permit says that we have to acquire permits to demolish it before we can even start building the new bridge.

I'm no engineer, but you can't tear down half a bridge. We're kind of stuck in this quandary where we're trying to say to the United States, "You talk to Canada about this, because we're just a bridge operator here, and this issue is bigger than us." Whatever they want to do they want to do, but why tear down some good infrastructure when we can spend our own private money and not build it...?

As far as the Gordie Howe bridge is concerned, if you put aside the politics and lawsuits and the stuff that's been going on, there isn't enough traffic to support the bridges. There just isn't. I could provide you with the report from a study that Western Washington University did a few years ago. They looked at why all the traffic volumes were going down and they dug deeper into why. They looked at what crossed the bridge—as I told you, 40% of our traffic is the auto industry—and then they looked at what's happening in the auto industry in Canada.

I grew up in Windsor. We used to have a GM transmission plant there. All of that is gone now. When you look at trade figures, if you're looking at infrastructure, don't look at dollar amounts. We have a surplus of \$3 billion or whatever. We look at trucks. I would say that transmissions for 1,000 cars can fit in 100 trucks. Software for 1,000 cars can fit in one truck.

On the infrastructure side, with CBSA staffing and CBP staffing we count numbers of vehicles, not how much value is in them. A lot of people get that mixed up. When they talk about traffic volumes, they say trade is up. Yes, but it's dollar amounts. We look at what physically crosses the border.

There isn't enough volume now to support two bridges. It's going to be disastrous for both us and the Gordie Howe bridge.

• (1855)

Mr. Matt Jeneroux: Regardless, am I correct about the timeline—that the Gordie Howe bridge was being built and then you requested the permit?

Mr. Stan Korosec: I've been there five years. They've been trying for a permit since the early 2000s to build another Ambassador Bridge.

Mr. Matt Jeneroux: If the end goal is to get more Canadians and more trade across the border, the commitment to the Gordie Howe bridge happened, and then you received your permit from Minister Garneau. It still seems strange to me that, after seeing the approval of the Gordie Howe bridge—granted, you own the bridge yourselves—there was a need for you to continue with your bridge. I still struggle with why, I guess.

Mr. Stan Korosec: One of the early reasons in the early 2000s to justify a new bridge, which is now called the Gordie Howe bridge, was that they did a traffic study. The traffic study showed a line going straight up like this. I've never seen a traffic study go like that. It said that the Ambassador Bridge today would be at capacity, at level E service or whatever they call it. It would be gridlocked.

We're 50% below where that traffic study said we would be. I just showed you the numbers. It's pretty well flat. This line keeps going up like that.

The second justification—

The Chair: Be brief, Mr. Korosec.

Mr. Stan Korosec: Okay. The second justification for the Gordie Howe bridge was for it to be a redundancy to the Ambassador Bridge. If there's a terrorist attack on the Ambassador Bridge, you have the Gordie Howe bridge. If the Gordie Howe is going to be a redundancy, then you need to have something for it to be redundant with. How could they say no to our permit if it's a redundant structure?

The Chair: You know what? Once we do actually finish, maybe in 10 minutes or so, if you don't run away, some of the members may still have other questions.

I'm going to go to Mr. Aubin for a couple of questions.

Then we have the Mayor of Thorold, who arrived a bit late. With all due respect, I'm sure the committee would be happy to give you five minutes, Mayor.

I'm going to let Mr. Aubin go first with his questions.

• (1900)

[Translation]

Mr. Robert Aubin: Thank you, Madam Chair.

I have a question for Mr. Holloway.

At the very beginning of your presentation, you added to the presentations that had been given during the day, which tended to show that Canada had fallen behind the United States in terms of biometrics or modern technologies, such as the RFID used for buses.

You said something that raised a question mark in my mind. You said that it was becoming more and more difficult to train staff. From the outside, the jobs seem to be well paid, even coveted. Is the difficulty related to recruitment, given the labour shortage that we are beginning to experience everywhere? Is there a real difficulty in training those people because the work is becoming more and more complex because of technology? Could you tell me what the difficulties are in training staff?

[English]

Mr. Jewellyn Holloway: Thank you for the question. Actually, if I said that, I didn't mean it to come out the way you received it.

The fact of the matter is that it's both. The United States government has been having considerable difficulty filling the 2,000 spaces that it has because a lot of people can't pass the security test. There are various reasons why they're not passing. They've had difficulty filling those positions on the U.S. side. On the Canadian side, it's been a matter of money. From the time you decide that you're going to train a new CBSA officer, to the time you get through the process and get them on the line, it probably takes the best part of a year.

We've been talking.... I was with the Niagara Falls Bridge Commission for eight and a half years. During those eight and a half years, one of the primary challenges was that we had spent enormous amounts of money building infrastructure and new lanes and they weren't staffed. A perfect example is the Queenston plaza on the Lewiston-Queenston Bridge: \$150 million and traffic backed up across the bridge. All these new lanes were not open because there was insufficient staff.

As well, 2017 was a horrendous year on the borders because of insufficient staff. That is being addressed because we made so much noise. It's being addressed reasonably well, which is good news. What I tried to say is that this is not sustainable on a go-forward basis because of the cost of infrastructure and the cost of staff. There's never going to be enough money.

The only option, which I said was very positive news, is that there's been huge progress made in biometrics and other computerization that will allow you to process more cars with fewer officers.

[Translation]

Mr. Robert Aubin: Thank you. Now I understand.

I would like another piece of information. Right now, are there any trained officers who are not working simply because of a lack of funds?

[English]

Mr. Llewellyn Holloway: If I understood you correctly, you asked me if there are officers who are trained and not at work because of a lack of funding. I do not know the answer to that, but I can tell you that because of the arming initiatives there are a lot of officers who are at work but who couldn't be put on the front lines because they couldn't pass the arming test, so they were in the background. There's been significant progress made on that as well.

Yes, we had to go through a long process whereby we lost a percentage of our officers, and we couldn't put them in the primary inspection lanes. They had to be in the backroom doing whatever work. They had to be accommodated, but they couldn't be accommodated on the front lines.

• (1905)

The Chair: Okay, thank you very much.

Mr. Luciani, welcome. We realize you're a few minutes late, but we'll give you five minutes. Welcome.

Mr. Ted Luciani (Mayor, City of Thorold): Thank you, ladies and gentlemen, for having me.

First and foremost, my name is Ted Luciani. I'm the mayor of the City of Thorold right in the heart of Niagara.

The biggest thing we have in Thorold—and the two gentlemen on my left and right will attest to it as I've worked with them for years—is probably the Welland Canal, which runs right through us. Of the eight locks, four of them are in Thorold. The ships have to climb the escarpment, and they go right through Thorold.

What we're looking at from our relationship with the seaway, and we do have a great relationship with the seaway, is developing more of the lands in there for industrial use. We have some industry, but I think the canal city municipalities—there are four altogether: St. Catharines, Thorold, Welland and Port Colborne—are all looking at developing a lot more of the lands along the canal for further industrial or commercial use.

Also, from a development perspective, we had in Niagara a "grow south" strategy. In other words, with the new highway above the escarpment—Vance will tell you; he's probably already talked about it—we would have a new trade corridor between Welland and Port Colborne, and it would run to the airport in Hamilton. This would allow municipalities like Welland and Port Colborne to develop industries around this highway. We in Niagara are looking at trying to bring jobs to Niagara, and we can't bring jobs to Niagara if we don't have infrastructure like the highway and access to the canal lands so we can do some developing along there.

I'll leave it at that.

The Chair: Thank you very much.

Are there any questions for Mr. Luciani?

We appreciate your coming. I think we've learned a lot about the area.

Vance, thank you so much on behalf of all of us for putting together such a great day. We've learned a tremendous amount, and we look forward to actually visiting some of these sites tomorrow.

Yes, Mr. Badawey.

Mr. Vance Badawey: Madam Chair, I spoke about this earlier—the take-aways and next steps—and it's in fairness to a lot of the individuals who came out and took time today, which by the way, I truly appreciate.

I know, Stan, that you came all the way from Windsor, and others came from afar.

Jean, I know that you came down from Cornwall, and you, Bruce, from Ottawa, of course. I really appreciate the time that you've taken.

In fairness and respect to them, what are the next steps as take-aways? What are your thoughts on where we're going to go from here? I mentioned some of my desires earlier with respect to convening that process of establishing that blueprint, but where do you see us going from here?

The Chair: Certainly by the end of the week, we will have had our first trip to work on this issue, and we have several meetings scheduled, based on the witness list that the clerk has received. I would expect that, at the end of the four meetings that the committee has agreed to have, we would do an interim report—if that's the wish of the committee—to the Minister of Transport and table it in the House of Commons as an interim step so that the government knows what we've heard and what the recommendations are to this point.

We'll work that out with our analysts when they put that report together. We'll review it, and table it if the committee is satisfied that it has captured what we've heard and has recommendations as to where we go from here, which quite possibly could be a second trip to the east and another trip to the west. Whether that ever happens, given the fact that we're going into an election year, at least we've tabled it and have said that part of this direction should possibly go that particular way.

That's my thought based on what we've been hearing. Collect the information, get the report from the analysts with some recommendations and table it in the House as an interim report, a first step towards establishing the corridor.

• (1910)

Mr. Vance Badawey: Thank you, Madam Chair.

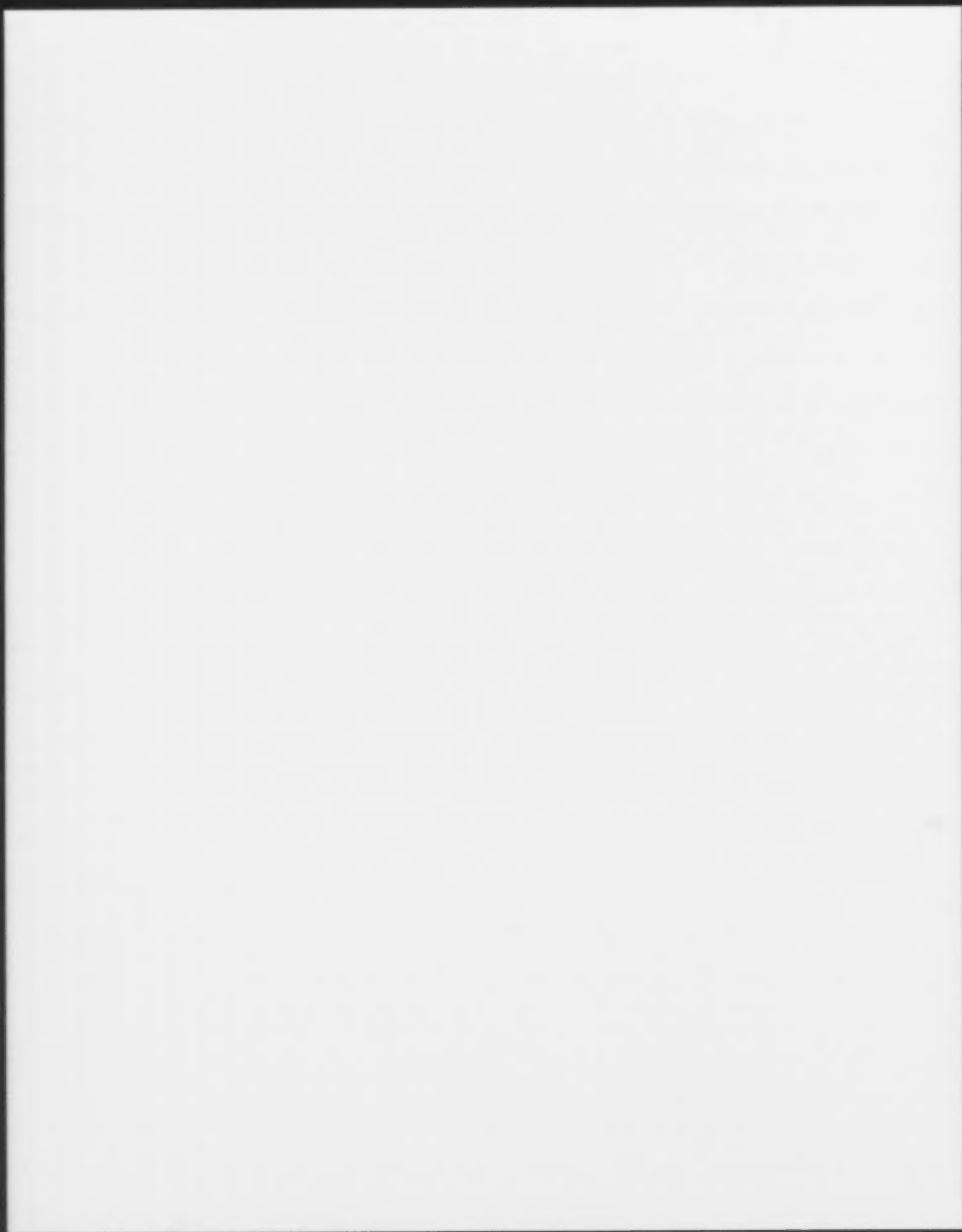
I do want to thank all of you again, and even the participants who aren't here right now. I think today the committee has heard from a great, strong, valued team when it comes to a trade corridor, with all the witnesses who came out and those who gave their thoughts on how they individually can participate, not only for their own interests but for the interests of the entire southwestern Ontario region and contributing to the overall national trade corridor strategy.

I think all of us recognize the value that we have around the table here in Niagara, Hamilton and beyond, and as far as Windsor. Once again I want to thank you for your participation. Selfishly to some extent, I also expect that this dialogue is going to continue and that, therefore, we will actually be able to nail down that blueprint and take the next steps.

Thank you to all again.

The Chair: Thank you.

The meeting is adjourned.



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